

HIGH STAKES

SPORTS SPREAD BETTING

AN INSIDER'S GUIDE

**THE DEFINITIVE & UP-TO-DATE GUIDE
TO SPORTS SPREAD BETTING**



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**Sports Spread
Betting
An Insider's Guide**

HIGH STAKES

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For Lucy

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Prologue

Catching the Spread

Betting Bug

It is a hot summer day in June 1995. England have just beaten Australia in the Rugby World Cup quarter-finals thanks to a towering last minute drop goal by stand-off Rob Andrew. England players and fans are delirious, convinced that the team have become world beaters. Next up—tournament favourites New Zealand, the All Blacks and their fearsome winger Jonah Lomu in the semi-final.

I also have a new toy to play with. Sporting Index have opened my credit account and I am about to step into the world of spread betting.

With hindsight, buying the time of Jonah Lomu's first try at 37 minutes might not have been such a sensible idea. On the day I thought 'this will be a tight cagey game at least in the first half'. So when Lomu trampled over half the English defence to register his first try after barely three minutes I had my first losing experience. My other bet on the day had been to sell New Zealand supremacy at six. The writing was again on the wall. In the end I was grateful to escape with a ten-point loss, thanks to a late England comeback in a 45-29 defeat.

At the time I was working as a local reporter for a news agency, selling stories to the national press. My salary was not huge and the loss, although by no means massive, was enough to come as a rude awakening. It had been a salutary lesson about being too patriotic, about putting all your eggs in one basket and backing one team on several markets and about spread betting in general.

Again with hindsight, losing the first bet was probably not a

bad thing; better than winning a few and then coming to earth with a bigger thump. But I was immediately hooked on the thrill and possibilities of spread betting.

Seven years on and it is the early hours of a cold winter morning. The New England Patriots have taken the American Football world by storm and made it to the Super Bowl where they face the all-conquering St Louis Rams. Having led 17-3 at one stage, the Rams have come back to tie the game at 17-17 and seem to have all the momentum. Then the Patriots number two quarterback Tom Brady engineers a thrilling drive in the last 90 seconds of the game. After three short completions, Brady manages to get the ball to his receivers for gains of 16 and 23 yards, setting up a chance for kicker Adam Vinatieri to win the world championship with the last play of the game. The kick sails through the posts, the Patriots go mad and pundits and commentators are amazed that one of sport's also-rans, who were 17-point underdogs for the big game, have managed to overturn the odds and win.

Except me. I have that warm feeling of a man who has predicted an event weeks before others. I bought the Patriots on Sporting Index's 100 tournament index after week 11 at 20. My thinking had been that they were a good bet to make the play-offs because they had a relatively simple run-in at the end of the season and if they managed that, the money was covered. As events transpired they turned out to be much better than just play-off fodder and, probably more importantly, they had all the luck going. Even so, the satisfaction of a big winning spread bet takes some beating. That warm feeling of all being right in the world—and you predicted it. And of seeing your winnings multiply before your eyes. So enticing.

This book was first dreamed up a few years ago when I went to an open night at IG Index and saw at first hand how the business works. Since then, I have had a chance to look at the

mechanics of the industry, the mathematics and probably most importantly the psychology of it.

I must, of course, thank the insiders who have helped me. From market-makers at the firms who have put up with me asking daft questions as they try to trade a game, to the winning punters and tipsters for letting me in on a few secrets, to pundits and experts in specific sports: I am very grateful. A special thank you to Paul Austin at IG for his time, trouble and dinners.

All I can say is I remain a huge fan of spread betting and convinced that it is possible to win.

Chapter One

Spread Betting and the Golden Age of Sporting Dominance

The golden age of dominance...how the best in sport are getting even better. The golden age of betting...how spread betting has come to maturity

We are living in an age where dominance in sport is everywhere to be seen. Individuals are running up record scores and performances in every discipline. The best teams are winning games by bigger scores and dominating the competitions they enter more than ever before. Examples are not hard to find.

Tiger Woods transforms golf and is regularly winning major tournaments, sometimes by a dozen shots or more.

The Manchester Uniteds and Arsenal of this world are the only teams with a shout of winning the Premiership and FA Cup. Once winning the double was the Holy Grail of football, an achievement seen once a lifetime. Now it seems commonplace, with talk of winning three competitions a season not fanciful.

The Australian cricket team—who hold the record for consecutive Test victories—dominate their opponents to such a degree that they outscore them by an average of more than 200 runs in the first innings alone.

Michael Schumacher effectively turns the Formula One Grand Prix season into a procession—his Ferrari car is the best on the track and the man himself head-and-shoulders above his rivals. In 2002 he set a record number of points for a Formula One season, leaving bookmakers to set markets ‘without Michael’ to get any interest.

Phil Taylor, a ten times world champion, has made himself a household name in the unlikely sport of darts. Lance Armstrong has beaten cancer and the best the cycling world can offer to win four straight Tour de France. The triumvirate of Bradford Bulls, Wigan Warriors and St Helens share the spoils season after season in rugby league while domestic and 2002 European champions Leicester have until recently been the dominant club force in the game of rugby union.

The list goes on. Of course, the best teams and players from years gone by dominated their sport, but never in the way seen nowadays. The reasons are simple. Professionalism and the rewards on offer for success mean there has never been a bigger incentive to be the best. Financial security for life and international stardom are there to be enjoyed and make the hours spent on fitness and practice worthwhile. The level of training has become more sophisticated. Where once sportsmen would retire from the field of play for beer and cigarettes, now regimented diets and fitness plans are the order of the day. Psychological and motivational training, once mentioned with a smirk, have raised the performance levels of numerous athletes in various sports.

Technology has also changed the face of competition. Not surprisingly, in the motorised world of Formula One and rallying, the cars are going faster than ever. But other sports have also benefited from advances. New clubs and balls in golf mean players are driving further and further and with more accuracy. Tennis racquets made of a graphite compound mean balls are hit faster and sweeter. Cricketers can watch computer animation of their shots to see where their weaknesses are and how to improve their batting or bowling action. Watching videos of opposing teams is old hat, but in American Football, whole backroom teams will study hours of footage to predict what a team will do in a particular situation.

The point of all this for the spread bettor is that more goals,

more points, bigger scores and greater margins of victory are all becoming the norm. And when the essence of spread betting is that the more you get it right, the more you win, living in an age of sporting dominance can only be good. It gives the possibility for volatility and big make-ups...and makes the surprise results even more surprising.

This does not mean of course that we just back strong favourites in the hope of the blow-out result. On the contrary, one of the advantages of having strong favourites is the relative value it offers further down the betting field. And the beauty of spread betting is that it offers the gambler the chance to back a team and make money without them even having to win a particular match let alone a whole event. If they just do better than expected, you are in the money.

One of the other huge advantages of spread betting over most other forms of gambling is that it gives the opportunity to oppose teams and players, effectively meaning the punter is laying them as a bookmaker would. Rather than saying a team will do well, we can specifically back them to do badly, either in an individual game or over the course of a season. So, for instance, if you back against a team in the FA Cup by selling their price in a tournament index, the effect is that you have every other runner in the competition playing for you. It is not just individuals or teams we can back against. In the same way, it is possible to back against events happening—such as points being scored in a rugby match, corners in football game or the number of birdies on a specific hole in a golf tournament. In fact, one can bet on almost anything that can be logged numerically.

If it is a golden age for sporting excellence, it is also a golden age for gambling. Spread betting has come of age since the early 1990s at the same time as the advent of tax-free betting, credit accounts, one-to-one exchange betting and Asian

handicaps. It is a powerful tool for the gambler—potentially very profitable and thrilling, but potentially also dangerously expensive.

But while spread betting is a gamble like any other form of punting, it also needs a dramatically different temperament and mindset. When any other gambler puts down his money, he knows that he is doing exactly that. He is putting down a set amount of money that is the most he can lose. Whether it is backing a horse in the local bookmakers or laying a cricket team on a betting exchange, the stake is predetermined. You can lose big, but you know how big that will be.

When the spread bettor lays down his money, he usually gives up that privilege. A small stake can multiply many times—either for or against you. It is a different mindset—one that needs either bravery or foolhardiness and one that comes with its own risks and problems.

According to Professor Mark Griffiths, professor of gambling studies at Nottingham Trent University:

‘Spread betting is fundamentally different from every other form of gambling in that you often have no idea what your possible losses might be. Fundamentally, it is more risky. It also requires more commitment from the outset. It is not for the casual or one-off gambler. It is difficult to set up an account compared with walking into a bookmakers and it takes the understanding of how the markets work. It employs the whole psychology and mechanics of the stock market.’

The nature of spread betting also gives one of gambling’s biggest thrills: the hope of that big win, but with the risk on the other side.

Disturbingly GamCare, the counselling service for problem

gamblers, sees more spread clients looking for help than in any other area of betting. Some of their stories are terrifying—people losing houses, businesses and families because of their losses. None more so than the man who lost more than £100,000 after buying series runs in a recent England versus West Indies Test series only to see the first match make-up at zero when it was washed out by a freak rainstorm.

As a beat reporter I remember covering county court proceedings and seeing the cases of Sporting Index or City Index against some hapless client who had lost heavily on a sporting or financial bet and was being sued.

Now the good news. Do not panic; such horror stories are very much the exception. The vast number of spread bettors lose, but lose survivable amounts. One of the reasons may be that they are all too aware of the possible horror result.

Gambler and author Geoff Harvey says that, contrary to public opinion, he suspects spread bettors are not as big risk-takers as it might be thought.

‘Spread bettors have an odd view of risk. The phrase that is used is that they want to “minimise the downside” and it is the platform they take into the markets. They more often than not like to get on the unlimited high side. They often seem to be scared of risk—maybe because of the horror stories that are told.’

As we will see, this psychological flaw can open the way to profitable trading.

The fact is that more clients win at spread betting than they do in fixed-odds betting and without having their accounts closed.

The best spread bettors make their money by being both brave, but sensible and on more than a few occasions pretty

devious and calculating.

I hope that this book will give an insight into how the market-makers think themselves and how some of their best clients beat the system at least some of the time. The next chapter will explain the mechanics of how to put a spread bet on but, beyond the very basics, I hope there is something here for everyone from the absolute beginner to experienced traders.

It will highlight where we have the best chance of winning and where long-term profits are most difficult to secure. In the chapters on individual sports some of the experts in the field, whether it is from inside the spread betting industry or from inside the sport itself, will reveal how they make money spread betting. The chapters also include a small selection of the most useful research sources, including some of the books and websites used by the firms' market-makers themselves.

With luck it will help everyone if not to make their fortune at least to get through unscathed.

Chapter Two

The Mechanics of Spread Betting

Setting up a spread betting account is much simpler than most people imagine. The spread firms want to widen their audience appeal and the only way for them to do that successfully is to make it as easy as possible to open an account. We will examine in a later chapter some of the limited risk options that are on offer to the more wary gambler, but in effect there are two options for new accounts.

The first is a *debit account*. This involves clients making funds available either by sending money to the firms to deposit in an account or directly debiting their bank accounts by Switch card before placing a spread bet. This is fast becoming a popular option, especially for newer devotees of spread betting who want to know the maximum they might lose before they bet. Losses are taken directly from the bank account and winnings paid directly in. Depending on the firm, interest may be paid on deposit accounts (Spreadex pay a very attractive 6 per cent).

The second and more traditional type of account is a *credit account*. This requires providing proof of funds to the spread firms in terms of bank and building society statements usually covering three times the required weekly credit limit. So a client wanting £1,000 credit would have to show they have liquid funds to the order of £3,000. Accounts are usually settled weekly, with either a cheque or bill in the post. Options are available for money to be transferred into and out of bank accounts directly if clients so desire through BACS (Bankers Automated Clearing System). This means that cleared funds can be transferred on a weekly basis without the trouble of cheques.

Cantor's policy is that they will retain any winnings until a client specifically indicates they would like it paid into their account. The firms also offer the opportunity to have weekly statements e-mailed to clients—both for ease and to save on postage.

The regulations of the Financial Services Authority, which oversees all spread betting firms, mean that the application process is much stricter than for any other type of betting account. This is as much for the gambler's benefit as the firms'. The main purpose is to ensure that investors can cover their losses and it is the firm's responsibility to confirm that over time clients can still cover their positions. Thus usually on an annual basis, the firms will write to clients asking them to confirm their financial status and ability to pay.

The other main reason behind the strict controls is to prevent money laundering and fraud. Therefore many of the requirements for opening a new spread betting account are designed to certify exactly who is applying. Different firms have slightly different policies and they change with time, but all need original documentation that confirms identity. The list of documents that are considered acceptable include utility bills, bank or credit card bills, mortgage statements, a driving licence or passport and Inland Revenue notifications. The aim is to confirm an applicant's identity and tie them in with an address. Applicants who have been living at a property for less than a certain time (usually two years) will also be asked for their previous address and this can be cross-referenced with the electoral register.

The regulations sound off-putting, but in reality they are similar to the requirements of banks before they will open a current account. And the firms are of course keen to have new clients so they will do what they can to help overcome difficulties. The credit checks are also more important for financial clients rather than sports bettors. The volatility on a

sports bet can be big, but stakes and potential liability are usually far below financial investments that are often for much larger amounts over longer periods of time.

As a financial controller at one of the spread firms said: 'In reality anyone can open a deposit sports spread betting account with us if they have just a bit of spare cash. The industry is open to anyone...not just city boys and high-flyers.'

Opening an account usually only takes a matter of days, after which clients are sent full explanations of the markets available and the rules of settlement for bets. It is well worth taking the time to become acquainted with the details, particularly in the sports and markets you plan to be most involved with. There is nothing quite as irritating and potentially expensive as having a bet and finding the result is calculated differently to what you were expecting. Attention to detail is needed, especially when an event comes to a premature finish. So if a limited overs cricket match is rained off after the first innings, which markets stand and which are void? If a Formula One race is abandoned after a pile-up, what are the rules for make-ups of completed laps? The answers may well differ between firms and change in time, so be aware of the possibilities.

Once a new account is open, spread betting is only a call or mouse click away. Personally—and I realise this may well be my own technophobia—I much prefer speaking to a trader when placing a bet than relying on the internet. However, using the internet is both fast and secure for the three firms who offer the facility (Spreadex do not at present offer an interactive option on their site). Interestingly, the growth in clients who place their wagers via the spread firms' internet sites has been phenomenal and over a third of bets are often via the websites. Even if you do not want to place bets via the internet, it is well worth having access to the websites and a password for your own internet account. Not only is it the easiest way to keep up with prices but, depending on the firm, it also offers a chance

to check your balance and a full history of all the bets you have ever placed. I also find that Sporting and IG's results service for the make-up of every market dating back a year or more is very useful.

Whichever method you choose, the process is similar. When a client sees a potential bet after seeing a price on the internet, teletext or in a paper, the first move is to check the price. Different firms have different policies, and, depending on which you go to, the trader taking your call may first ask for your client number and surname. Others are happy to quote prices without knowing who they are speaking to.

If the price you are quoted is in line with what you had in mind and is acceptable, state clearly what you want to do and the size of your stake (we will consider later the sometimes complex question of what size stake is suitable for different markets).

On markets where there is room for confusion, it is important to spell out your stake per unit. So if you want to buy England's supremacy in a football match and the price you are quoted is 0.7 to 1, do not just say 'I'll buy for £100'. Because the market is priced up in tenths, either make clear it is £100 per whole goal, or '£10 a tick' (i.e., £10 for each tenth of a goal).

The trader should then quote back to you what you have done. If in doubt, make it clear who you are supporting. Once the phone is replaced, your bet is on and it is a legally binding agreement. All calls to the spread firms are recorded—both for the firms and your benefit. Any disagreement over a bet can be referred back to a time and the call played back. It is also always important to check your weekly statement to make sure the bets you placed were logged correctly. On the very few occasions when I have had mistakes with my account the firms have acted quickly and precisely to correct the situation.

Internet betting works in a similar way. Once you have logged

on to the site with your personal password, you will have the option of buying or selling on almost any market. The few exceptions to this usually relate to markets that are on the point of completion. So betting on a side's score in the first 15 overs of a one-day cricket match may only be done over the phone when the team are actually in the 15th over. This is on the basis that events in the last few balls have a much bigger relative impact on a quote than in the first over.

When you have made your choice of market and stake, click on the appropriate box to confirm the bet. This will e-mail your bet back to the firm, where a trader will either accept the bet and acknowledge it with a confirmation message or, if events have changed, offer a new price, which you can either take or decline.

Chapter Three

Managing Your Money

Money-management—know what your losses could be. The worst-case scenario is the worst-case scenario...and it could happen. Know your volatility levels. The limited loss accounts offered by the spread firms. The firms' free offers...or are they? Spread betting as part of your weaponry

The concept is beautiful. You take your fancy on an international rugby match over the weekend or a midweek football match or a golf tournament on the other side of the world, your pick comes in and a few days later a cheque drops on the doormat. It is a lovely feeling.

The reality, as we all know, is that while the cheques do come, there are also some dark days. Days when you can write out cheques to every firm after a run of bad results. Days when you have to make the call to the customer service desk at Sporting or IG and pay a margin call on your Switch card because a long-term position has taken a turn against you.

Unfortunately, no matter how good a punter you are, no one wins all the time. If you are in spread betting, you need to be in it for the long term. Luck, misfortune or a run of poor judgement can mean losing streaks where you forget what it is like to see your account in credit. But the acid test is how far we are up or down in the long term when the bounce of the ball has evened itself out.

Managing your money in spread betting obviously needs considerably more care than with fixed-odds betting. If you back a football team to win with a £100 stake, that is the most you can lose: end of story. If you back the same team to win on the spreads, depending which market you do it with, you can

be out of pocket by numerous times your stake.

It goes without saying that everyone should only bet with money they can afford to lose. If you are spread betting with the wife's housekeeping money or the mortgage, then you are foolish or need help. Because of the nature of spread betting, its regulations are enforced by the Financial Services Authority (FSA), and any debts you owe, unlike with fixed-odds firms, are recoverable by law.

Do not be too alarmed, however. The horror stories are very rare exceptions and being aware of how wrong it can go is the best way of preventing it happening. But we do need to ask, how do we manage our money?

The first suggestion is consider keeping your betting money quite separate from your other finances. The spread firms warn that you should only gamble with money you can afford to lose permanently and it is worth deciding how much that is from the outset. Keeping your betting bank in a different account to your everyday living money is easy to do and avoids confusion and potential embarrassment. It also allows a visible way of watching how we are doing. If spread bets are being settled into a general account the small losers tend to get overlooked and it is too easy to subsidise the betting with money you never intended to gamble with.

The second suggestion—and it should be a rule for spread bettors—has to be: *keep a record of your bets*. It sounds simple, but it needs discipline and a willingness to accept when you have simply got it wrong. Writing up the umpteenth losing bet and totting up the losses can be a painful process and a chore that you want to put off, but the benefits are worth the pain.

Primarily, if you are losing money hand over fist, you need to know. The psyche of the gambler has an uncanny habit of remembering the big wins and managing to sweep the losses under the carpet. Putting the bets on record is an eye-opening experience. Do those little losses really add up to all that? They

certainly do, I'm afraid.

Your records should also help pinpoint the best and the worst of your betting habits. The more detail you can put in the better, but the basics have to include what the bet was, the price, the stake, which company and the profit or loss. If you can go as far as a few words on what your reasoning for the investment was, so much the better.

After only a couple of months, I promise you will have learnt something you never realised. Maybe it will be the disproportionate number of times you buy a market instead of selling it. Maybe it will highlight a losing run on a particular sport or certain type of games (maybe lower division football matches or 18-hole golf match bets). Hopefully, it will also highlight where you make your money and the sports where your knowledge and insight is paying off. An example of how you could set out a spreadsheet is illustrated below.

Date	Bet	Event	Price	Stake	Reasoning	Make-up	Win/Loss	Comment
April 16	Sell	Arsenal	0.1	£100	Momentum	0	+£10	Man Utd
	Supremacy	Man Utd			with Man Utd; Viera injured			unlucky not to win
April 18	Buy	Aus v	440	£250	Australia won	576	+£340	Good
	runs	W Indies			toss on good track; W Indies team in disarray			decision; profit never in doubt

Even if you are not keeping a record of your win and loss history, rest assured that the spread firms have done. At the touch of a button, a client's complete betting record is available: how much they have won or lost since they opened the account and whether they are on a good run or bad, or whether they win on specific sports or markets—and if the firm needs to

limit a client's stakes in certain circumstances because they are regular winners. It is not unusual to find that clients win on one sport, but give back their winnings on others.

All the firms have the betting history of every client at their fingertips. When they call up an account they will see what has been won and lost over the short and long term and details of every bet placed. Notes exist on probably two-thirds of all clients.

Some are very amusing and no one will be surprised that the clandestine nature of spread betting comes to the fore. A trader calling up an account might just see something along the lines of: 'Bills to be sent to work address. Call Mr Jones at home only under extreme circumstances. If woman (Mrs Jones) answers phone, tell her you are a work colleague.'

Other notes give information that can significantly affect how the most successful clients are treated and what bets will be accepted from them. They may instruct a market-maker to limit stakes because a punter has a history of winning on a particular market. They may even suggest that the quote be moved if he backs a team on a certain market.

If only we knew such information ourselves it would be invaluable—and that is why every punter should be strict with themselves when it comes to keeping records. Peter Osborne, political editor of the *Spectator* and a big spread bettor, once said that he had lost less than a small house, but more than a large car on the spreads.

The main problem comes from the volatility of spread betting and that requires considerable care and attention when it comes to your staking plan. If your initial thought is 'what is the worst that can happen?', then you should at least keep the house. Always have at the back of your mind the adage that the worst-case scenario is the worst-case scenario and that it can and does happen.

Some markets are clearly more volatile than others. Total

goals in football is a relatively tranquil market. If the opening quote is for about three goals, then realistically the worst total make-up is going to be about eight. Total number of runs in a five match cricket Test series, might be quoted at 5,000 runs, but the make-up could easily be in the hundreds either side. Obviously, you would not put nearly the same stake on the two bets. If you bet £100 a goal on the football, 50p a run would be a similar size bet on the cricket.

For most markets, calculating the volatility is relatively straightforward. A rugby or American football team is unlikely to win by more than 40 points and usually less than that. A team in a one-day cricket match is unlikely to score much above 320 or be out for much less than 100. For any spread bettor and particularly the inexperienced, one of the first thoughts has to be ‘what are my liabilities on this bet? How much can I lose if everything goes against me?’

Calculating your stakes on how much you might lose may seem very negative, but it is essential. If you have a betting bank of £5,000, you don’t want to blow it in one hit. The best policy is to decide how much you are willing to risk on a single bet. This largely depends on how much risk you are willing to take, but risking a maximum of 5 per cent of your bank on a strong fancy seems a reasonable stake.

The table later in this chapter showing Cantor Sport’s maximum stakes in different markets for Advantage Account clients provides my estimated maximum volatility for a wide range of markets—although it should be noted that on freak occasions it is possible for that estimate to be exceeded. From the table it is possible to work out your maximum stake by dividing how much you are willing to risk by the maximum volatility. So, with our bank of £5,000, a confident bet would risk £500. On a football supremacy bet where the volatility is five, that would mean a staking policy of £100 a whole goal. Caution is particularly needed on markets where elements can multiply up rapidly.

Fans who bought Newcastle United on IG's performance index in the Champion's League clash against Inter Milan in December 2002 would have barely settled into their seats before facing huge losses. Not only did the Geordies let in a goal in the first two minutes, but their hot-headed forward Craig Bellamy was sent off after five. Having bought in the mid-80s, their performance score after seven minutes stood at minus 33 with no hope of drastic improvement. It eventually made up at minus 17.

The bottom line has to be that winning or losing one bet does not necessarily mean that much. Making money is a long-term game and you cannot be in it if you make a misjudged gamble that blows your bank away early on.

For beginners and those with modest stakes, the firms' limited loss accounts are ideal. The concept is that it introduces a limit to how much clients can lose because if a bet is going against them and reaches a certain point, it is automatically closed with what is technically called a stop-loss. This means, for instance, that if you buy a team's runs during a Test match and they suddenly start losing wickets, your losses will be limited to, say, 150 or 200 runs, depending on the particular firm's stop-loss level. So, for example, you buy England runs at 340 against India. They lose four wickets with only 40 on the board and the quote is down to 190. You would lose 150 times your stakes—even if they eventually were all out for just 140.

The downside to accounts such as Sporting Index's Shield Account is that they also impose a stop-loss on your profits, so that in the above example the most you could make would be 150 times your stake. The exception to this rule is Cantor's Advantage Account that gives clients a stop-loss, but allows unlimited profits. This is perhaps the best of both worlds although there is a limit (albeit pretty generous for most average punters) in the size of stake.

The following table shows Cantor Sport's maximum stakes

and stop losses for those clients with Advantage Accounts, although the other firms apply similar limit levels. The last column in the table is what might be termed the volatility factor. It is based on Cantor's notional trading requirement factor—effectively the multiple away from the original quote that a market might end up at as an extreme.

So, for example, with the football bookings market they expect the make-up to be in a range of 50 above or below the opening quote. In a rugby match they would expect the make-up for a supremacy bet to be within 50 of the original quote. These are not cast-iron maximums, but the volatility ratio of the market. Cantor produce them to protect themselves so that clients are less likely to exceed their credit limit, but they are useful to us as an informed yardstick to how volatile a market can be. The table is well worth referring to when you are deciding stakes on a new market you have not previously ventured into.

Market	Maximum bet	Stop-loss	Volatility factor
Football			
Supremacy	£200/whole goal	5 goals	5
Total goals	£200/whole goal	5 goals	5
Shirt numbers	£15/point	75 points	50
Bookings	£15/point	75 points	50
Corners	£100/corner	10 corners	7
Multi-corners	£15/point	75 points	50
Total goal minutes	£5/minutes	200 minutes	150
Individual goal minutes	£5/minutes	200 minutes	150
Performances	£15/point	75 points	50
Hotshots	£15/point	75 points	50
Mini-performances	£20/point	50 points	40
Seasonal points	£50/point	20 points	3

Market	Maximum bet	Stop-loss	Volatility factor
Rugby			
Supremacy	£20/point	50 points	50
Total points	£20/point	50 points	50
Shirt numbers	£10/point	100 points	50
Hothands	£10/point	100 points	75
Performances	£10/point	100 points	100
Cricket			
Test match runs	£5/run	200 runs	200
Bowler series wickets	£50/wicket	20 wickets	10
Batsman series runs	£5/run	200 runs	100
One-day match runs	£10/run	100 runs	100
One-day supremacy	£10/point	100 points	100
Batsman match runs	£10/run	100 runs	100
Golf			
72-hole match bet	-	25 shots	25
18-hole match bets	-	55 points	25
Horse Racing			
Flat distances	£50/length	20 lengths	20
National Hunt distances	£20/length	50 lengths	50
Flat matches	-	12 lengths	12
National Hunt matches	-	15 lengths	15

Market	Maximum bet	Stop-loss	Volatility factor
US Football			
Supremacy	£20/point	50 points	50
Total points	£20/point	50 points	50
Shirt numbers	£5/point	200 points	200
Performance	£10/point	100 points	100
Greyhounds			
Multi-traps	£10/point	100 points	75

Maximum stakes and stop-losses for Advantage Account clients with Cantor Sport

Source: Cantor Sport

Early in 2003, Sporting Index launched probably the ultimate in safe accounts, with their BetHiLo internet venture. This allows minimum stakes down to pennies and stop-losses on the majority of markets. The account is deposit only and is designed to attract customers who previously feared spread betting was too volatile and dangerous for their pocket.

When a spread bettor opens an account, the firms' introductory offers are also worth exploring. Several offer £250 risk-free bets, usually on supremacy on a Premiership football match. These work so that after a client has had a certain number of settled bets he is given a bet worth up to £250 on which if he wins he is paid out as normal, but if the bet is a loser, he does not have to pay. We will discuss later the importance of having an account with all the spread firms, but there is no better incentive than the several hundred pounds worth of free bets on offer. As always, there is a word of caution. The firms have whole marketing departments thinking up offers and gimmicks to attract custom. These range from adverts highlighting particular markets, competition entries

with the chance to win a free bet after a client has placed ten bets on a specific sport, to the offer of 'a point inside the price' on a market if you sing the first line of a song.

Ask yourself—why are the firms making these offers? The answer is that it is psychological kidology to encourage you to bet on certain markets, often ones where the odds favour the firms. All is fair in love and gambling, but do not be suckered in just for the sake of the freebie. If you would have ten bets on American football during the NFL season anyhow, then good, take advantage of the offer. But do not be tempted just for the chance of a free bet. All offers are carefully costed by the firms. You can be sure they will only offer them if they are confident *they* will be the eventual winners. Our only test for having a bet and which firm to have it with, should be the price that is offered and nothing else.

A last thought on managing betting money. As we said in Chapter 1, this is a golden age for betting. Plenty of options are available when it comes to backing on an event, whether it is fixed-odds, on the spreads, pools, one-to-one exchanges or any others. Do not be blind to what is available. Spread betting is special because it offers so many different markets on a sporting event and because, as the blurb always says, the more a punter is right, the more he is financially rewarded. In many cases, spread betting also offers good value and we will be looking at that concept in a later chapter. But there are times when other mediums will offer better opportunities, either because the odds are more favourable or because the risk of a spread bet does not warrant the return.

Professional gamblers rarely limit themselves to one form of betting. They make sure that they have the accounts open to be able to bet where they find the best value. Those I have spoken to use spread betting for between 30 and 50 per cent of their exposure. It is a significant part of the betting armoury, but not its only weapon.

Make sure you use spread betting to its full advantage, but remember there are other options as well.

Chapter Four

Know Your Enemy

Lies, damned lies and statistics...but how the spread firms swear by them. How it is so hard to compete with statistics-based markets...because the market-makers always have more up to date figures. The space-age technology a market-maker has at his fingertips

While spread betting offers the opportunity for unlimited profits, any punter wanting to play the markets should fully appreciate the enemy they face and the resources the latter have at their fingertips.

The four firms in the sports spread betting business run along similar lines. Typically they have 30 traders, ranging in seniority, who are the people who answer the phones throughout the day and accept clients' bets when they call in.

The profile of a spread trader is similar across the industry. Aged in their 20s or early 30s they are nearly all male. Some have come over from city trading, some from fixed-odds betting. Increasingly there is a graduate entry, who are trained up by the firms. Their typical wage is between £35,000 and £60,000 although performance-related bonuses can allow them to earn up to 50 per cent more than their basic salary. The bonuses are determined partly on everyday behaviour—punctuality, how they deal with clients and such like—and partly from how much money they make for the firms in trading.

The trading rooms are lively and full of banter. The traders cheer on good results for the company and emotions run high when a bad result hits their figures. Market-makers take it personally if they lose money on a game, even if they later admit they traded the game exactly as they should have done.

Most of the traders will have their specialised sport or sports

where they are the specific market-maker—whether it is Premiership football, greyhound racing or the latest series of TV reality game show *Big Brother*.

In that area, they will have responsibility for researching their specific sport, creating markets, setting prices and trading the game in running when live television coverage permits. While it will be one senior trader's decision to set the prices for a match, there will often be great discussion among executives at the firms before they are put out to the public.

The vast majority of markets are of course statistically based. The number of corners in a match, the winning distance of a horse race, the number of runs in a cricket Test series that a particular batsman scores: all can be estimated from a mix of previous results and knowledge of the current circumstances. The saying may be 'Lies, damn lies and statistics', but the spread betting firms swear by them because their facts and figures are nearly always going to be more accurate and more up to date than anything the average gambler can lay their hands on.

Later we will look at the different sports and the markets offered by the various firms and how stats are used to produce the prices. But whatever your poison, when it comes to spread betting, there are basic points to bear in mind.

The typical market trader has several advantages over the client. The first is an outstanding knowledge of mathematics. Increasingly, traders are graduates who have a background in mathematics, economics or probability. For example, many people will look at a Manchester United versus Newcastle match and say unscientifically—let's buy total goals scored; it's bound to be more than three. A market trader will be able to put into percentage terms what the odds really are and know that there is a pretty decent chance that two, one or even no goals are scored.

The traders also supplement their income by trading themselves and for the most part they are very successful. Although they are

not allowed to trade with the firm they work for, most either have accounts with the other firms or have set up accounts in friends' names to allow them to get a bet on.

Their skill is not so much from inside information on a sport or a sudden flash of inspiration, but a precise understanding of the odds and when a quoted price is wrong. In other words they can accurately recognise when an event is more or less likely to happen than the quoted price implies.

If the brains of the dealers are not enough to contend with, the other main weapon in their armoury is modern technology. In front of the team of traders are a bank of television screens, showing a mix of quoted prices on teletext—both their firms and their rivals—any live sporting action and sports information channels such as Sky Sports News. The firms also subscribe to wire services that pipe in up-to-the-minute news via computer link, including Reuters and Bloomberg.

A market-maker during a live game also has a range of computers in front of him that would put NASA to shame. Computerisation means mistakes are rarely made in quoted prices and programs keep prices updated throughout a game according to events on the field of play. Depending on the sport, the computer will tick down quotes as time passes and events unfold. So if a rugby union match supremacy was 12–15 at the start of the game and it is 3–0 after 30 minutes, the program will calculate what the quote should be (about 10–13 in this case). Computers of course can only do what humans put into them in the first place, but they can do number crunching for the trader that the punter can only dream about.

Although the precise details are a trade secret, an example of what an important part computers play in spread betting for the firms is given by IG. They have developed a program that can play out a golf tournament under varying conditions an astonishing 10,000 times and provide the most likely results. The effect of weather conditions, the depth of rough, recent

form, a player's history in a particular tournament, how they perform when they are under par after the third round. All are taken into account and the most likely scenario and the odds of it occurring are produced. It is tough to compete with.

It is important also not to underestimate the amount of work traders put into their sport—and realise that if you are to compete with them over the long term a similar amount of effort will be needed. Traders watch videos of their sport at home, read match reports, previews, club websites and will know their subject inside out. While computer simulations and pages of statistics can provide the backbone of the operation, hard graft in research can provide the nuggets of information which are crucial to whether a trader makes a profit or loss on a particular market.

Expect them to be up to date with team injuries and selection changes from club internet sites, to know a manager's policy on substitutions or how a team reacts when it goes a goal down, to know how a cricket pitch is likely to play when conditions are overcast, or a golfer's record on links courses.

As one Sporting Index trader said:

'It is the background work which really sets the traders apart from the punters. We concentrate on our particular sport and that is our job. We might be able to put six hours a day into the research which most of our clients with their own jobs just do not have the time or resources to do. It is what makes the difference. We have people here who can tell you if anyone in their sport has sneezed. It is such an advantage.'

The Darwinian nature of a relatively young business also means that every year it is getting harder to win money. Only the best survive, be they firms or individuals. The less profitable firms

have withdrawn from the sports spread betting market. The successful market-makers flourish and make money from their clients; the less gifted tend to leave the industry.

Faced with these resources it is easy to become dispirited. Spread betting firms make millions in profit every year and it is the punters who are paying for it. But there are ways to make money. Through a mix of common sense, bravery and hard work, it is possible to beat the bookies. While there are only a handful of clients that the spread firms genuinely fear, in the typical year they estimate that up to a third of their sports clients will make a profit, however small. Over a longer period maybe a fifth will see their accounts in the black.

And the stories of the big winners are enough to whet the appetite of any gambler. The first spread bettor to make a million at one of the firms is reputed to be a financial trader who had already made his fortune in the city. He successfully took his eye for a good investment from the financial sector to the sports arena and on topping seven figures' profit, was sent a congratulatory letter. It also informed him that from then on he was welcome only to bet 'for amusement'. His reply to the firm was that he thought he *was* only betting for amusement. The letter has been framed and is still hanging on the office wall.

Winning accounts are not usually closed down because as far as the firms are concerned, the winning client plays several useful roles. The first is that he or she often helps balance the books. We will discuss later what makes the price on a spread bet move and how weight of money and company liabilities can change a quote, but suffice to say winning punters are often going against the crowd. When they see a price has moved to such an extent that there is value to bet against the swell of opinion, their bets help round the books.

In the second place, a client who has proved his prowess on a certain sport tends to have the respect of even the most

hardened trader. If particular clients come on for big bets on a particular market, questions are asked. What might we have missed? What does he know that we don't? It may mean losing to one client, but it could win the company money against the rest. As we saw in an earlier chapter, the firms know who are the big winners and what they win on. When they come on to the phones to bet, they are usually referred to the market-maker who is setting the prices on the event or even the head of the sports department. The result may be that stakes are limited or occasionally the quote changed for that particular client. It may be that the client's opinion and judgement is respected so much that just the one bet will be enough to move the price because his record shows he is right more often than not.

As one trader at Sporting said: 'We don't close many accounts down for winning too much...only a handful. And then we would probably offer them a job!'

This book aims to help pinpoint markets where we may have a bit more chance of winning and where the odds are heavily against the punter. The later chapters will consider specific sports, but first and foremost it is worth highlighting some general rules.

The first point, and it is one that will be highlighted throughout the book, is that it is impossible to beat the bookies consistently with a scattergun approach of betting on everything and anything. The odds are against you in the long run.

Like most serious gamblers—and anyone who has taken the time to apply for spread betting accounts, learnt the intricacies of the markets and spent the money on buying a book like this I count as a serious gambler—I like to bet. But betting on bookings in a football match just because it is on television or buying series runs just because it is the start of the summer Test series, is the very quick way to the poorhouse.

As I have said above, market traders specialise in sports, and

the gambler must do the same. Most of us have full-time jobs so spare time is a rare commodity. You cannot expect to know as much about half a dozen sports as the experts at the different firms who specialise on just one.

What will become apparent as we go into specific sports in more detail is that the majority of the people who make money spread betting say: ‘Yes, I bet on what I know—but I don’t dabble in other sports.’

The gambler who can hold his hand up and say he has never had an impulse bet is a liar, but having the discipline to only bet on what you know about will help your bank balance immeasurably.

Discipline is the watchword. In the ideal world we should only bet when we think we have got an edge in our favour. Notably, the spread firms say that they break even or win a small amount during the week when ‘serious’ players are likely to be trading. They rake in most of the profits over the weekend, when the casual bets, particularly on live Premiership matches, make up most of the business. It is the customers who bet for the sake of it, for the thrill and excitement to liven up a television match, who fill the spread firms’ coffers.

So if the answer is to specialise, the question is, in what? I would suggest a sport—and perhaps this is glaringly obvious, but should be said anyway—that you like and enjoy. This may sound ludicrously stupid, but if you are to pore over figures, hunt through websites and read match reports with the enthusiasm and determination I have in mind, it needs to be something for which you have a passion.

The other consideration is ease of information. This provides a dichotomy. The easier it is to get information, the more you can find out which may give you the edge on the market-maker. Unfortunately, at the same time, it means there is more chance he will have the same information. The conclusion of this must be that if you can research the more obscure sports or the less

popular areas of a major sport (for instance, the lower reaches of the football league), you are giving yourself more chance of putting one over the bookmaker.

The profits of the firms would also seem to indicate this is correct. Premiership football, which provides a wealth of statistical information and analysis, as well as being by far the most popular spread betting medium, is also the most lucrative for the companies in terms of how much they make per bet. In contrast, American golf, greyhounds, darts, pool, speedway and other minority sports all offer the potential to unearth winning bets and systems.

Keeping it simple and keeping the spread low

No matter what your spread betting interests are, another way to help give yourself an advantage is to keep your bets simple. We will look later at how some sporting markets offer the firms a bigger profit margin than others, but as a general rule the more complex a market is, or the more elements it relies on, the more likely it is that the market-maker will hold all the aces. Obvious examples are the popular and heavily advertised weekend markets, which provide an overall quote on perhaps half a dozen sporting events over a couple of days. These may include such varied offerings as the bookings in a football match, try scorers' shirt numbers in a rugby union match and a named cricketer's first innings score. Even if there is one part you are confident the firms have got wrong, it is most unlikely they are wrong in all six. Any advantage you have in the one element is wiped out by the spread. The bets may be fun—and offer the hope of a big make-up—but instead look to bet on the single element you feel confident about rather than rely on chance with all the other parts of the quote.

Another consideration is to try to lessen the effect of the

bookmakers' spread as much as possible. All spread bets have a difference between the buy price and the sell price, which is in effect the bookmaker's profit. However, the real size of the spread varies widely depending on the market and depending on its volatility. In effect the more volatile the market—and hence the potential profit—the smaller the spread is in percentage terms. For example, one of the most volatile spread markets is IG's football performance market on live matches, mainly because one element awards a point for every minute a team keeps a clean sheet during the match. If a team lets in a goal in the first minute, it effectively scores minus nine (one point for a minute's clean sheet, minus ten for conceding a goal). If it keeps a clean sheet it contributes 90 to its make-up. With 25 points for a goal, results making up more than 100 points from the original quote are not unusual. But the spread on the market is only usually five points—in other words some 5 per cent of the potential volatility if we take 100 as the maximum make-up away from the original quote.

In contrast a market such as corners supremacy—the number of corners more one team gets than another—has a very limited volatility. In even the most one-sided games, a make-up of ten would be unusual and more often than not it is only four or five. With a spread of one corner, and a volatility of five, the spread in percentage terms is 20 per cent. This is a big handicap to making money in the long term.

Of course, that is not to say that the IG football performance index is always a good bet or that you should never bet on corners supremacy, but it is worth bearing in mind.

In the long term it is very difficult to win if we are always trading in markets with a big percentage spread. A market may offer an edge and the market-maker may have made a mistake in his calculations, but if the spread is too wide, the advantage never exists for the betting public. Betting exclusively in the most volatile markets is not an answer either, but working to paying the smallest spread is essential for the successful punter.

Chapter Five

What Moves the Market?

The concept of value in spreads...when to take a price and when to wait. How do punters think? The pitfalls that Joe Public stumbles into and the psychology of buying. How do the market-makers think? The skill of siding with the best spread firm. The concept of spotting a base change in a sport to maximise profits

I once asked one of the spread industry's most respected market-makers what was the secret answer to winning at spread betting. I suppose in a way I wanted a mystery formula that would give me the advantage over every other gambler and lead to untold riches. So maybe I should have been disappointed. But his answer was simple if predictable. 'Look for the best value. In other words where you are getting odds on an event happening which are greater than they should be.'

His example was brutally straightforward. Holding a coin, he said: 'The chance of a coin landing heads or tails is 50:50. Agree? Now, every time you call it right, you get £100. If you get it wrong, you lose one pound. Now call.'

Of course, I got some right and some wrong, but because I was getting 100-1 on an evens chance I couldn't lose. Except, of course, he didn't pay.

So the same principle applies on the spreads. Suppose you are buying a batsman's runs in a one-day game and the quote is 30-35 as he walks to the crease. If all known evidence shows it is a good batting wicket, the bowlers are distinctly mediocre and his average for the season is in the 50s, then there is every reason to believe the quote should be higher. You are getting value for your bet.

There is a chance that you could confidently buy at 35 and

the batsman could be out for a duck. But in the long run, if you are buying at a price which is too low or selling at a price which is too high, you will win.

Just because a bet on a particular occasion happens to be a loser does not in itself make it a 'bad' bet. If you are right and the odds are in your favour, you must win in the long term. On the toss of the coin scenario, even if you get five calls wrong on the trot, you are still playing the percentages correctly.

Now knowing what is a value price is a very subjective matter—at least until after the event. As a gambler who has read numerous articles particularly on horse racing urging punters to look for value, the very concept fills me with dread. How do you know what is good value?

Well, as we discussed in a previous chapter, one of the key elements is knowledge of your subject and an understanding of how events might unfold.

But even then, there are basic points that can at least give us a slight advantage in getting the best starting price we can.

First and foremost—and I apologise if this is stating the obvious—take the best price you can. This means having a live open account with sufficient credit with all four of the major spread firms.

If three firms are quoting Manchester United supremacy over Leeds at 0.9–1.2 and the fourth is only 0.8–1.1, then you must bet with that fourth firm. On a £100 per goal bet, failure to take advantage of the better price effectively costs you £10, whether Manchester United win by five goals or lose by five.

What you should not do of course is walk into the pub, ring one of the firms at random and just take their price.

We can take this further. If spread betting is first and foremost a battle with the market-makers, it is also in many ways a case of every punter battling with his fellow gamblers to get the best price. In fact, knowing what your rival spread bettors are thinking and doing can be nearly as useful as an

inspired insight into a sporting event.

For instance, if you are considering a supremacy bet on a football match where you want to be with the favourites and you expect them to be very popular, then speed is of the essence. You should buy as soon as you can because the price is likely to move rapidly upwards.

Most firms find that on a daily basis their busiest 15 minutes trading is the moment the phone lines open at 10 a.m. Although the firms will lay a quoted price on most occasions, if there is a significant move for a price, it will last only a matter of minutes, if not seconds. This is particularly true if a firm is out of line with their competitors on a price.

A working example of this was the Wigan versus St Helens rugby league derby in Super League in August 2002. Normally Wigan would have been favourites for the match, but a long injury list and Saints' good form meant that on this rare occasion they were home underdogs. IG quoted supremacy at 1–4 St Helens over—several points lower than any of the other firms, whose quotes were 5–8 or higher. The result was a rush on the telephone lines as clients backed the favourites. The firm laid St Helens at prices up to 6–9 and were £1,000 a point short of St Helens at an average price of 7 at the kick-off. In other words, taking all the bets collectively, the result was that each point the Saints won by more than 7 would cost £1,000; each point less than 7 would win them £1,000.

Buyers of St Helens supremacy ended the night disappointed. IG called the game right. A young Wigan team dominated the game and ran out winners by 22–8—a profit on just the supremacy line of about £21,000 on the night for the firm.

In that example, even if the result went against buyers of St Helens, betting quickly was essential. Buying at four seemed good value...buying at nine considerably less so. And those who came in on the bet immediately before kick-off were

automatically five times their stake worse off than those who called first thing in the morning.

The movement of quotes can be speedy and significant. Another example could be seen in the 2003 one-day international cricket series between Australia, England and Sri Lanka—a triangular tournament held as a warm-up competition before the World Cup just a month later. In the tenth game of the series, Sporting marked up Sri Lanka as 0–10 favourites over England 36 hours before their clash in Adelaide. Sri Lanka had recently pushed the host Australians close and had started to bat well. The price lasted barely an hour, however, as news filtered through that the Sri Lankans' world-class spinner Muttiah Muralitharan had pulled a muscle and would not play. At the same time England announced that their leading batsman Michael Vaughan had recovered from a knee injury and would play his first game of the tournament. The price went through 'five your choice' (in other words an even match where whichever side you back you give away five runs), to 5–15 England favourites by the following morning. When the game started in the early hours of the morning, British time, England were 13–23 favourites. This had been a huge swing based on the well-being of two players. This time the market confidence was correct, although not too expensive for the spread firms, as England won by 19 runs.

In this case, quick thinking, being aware of breaking team news and having the wisdom to keep tabs on when the first price went up were all key to making a profit. Those who jumped on England too late and bought at 23 ended up losing money even though their instincts were right.

The opposite can also work, however. If you fancy the underdogs against, for example, a big five Premiership club, the best policy can be to hold on until shortly before the kick-off because there is a reasonable chance you are going to get a better price. Even for the relatively sophisticated spread betting

clientele, unfashionable teams and players can often be friendless in the market. And just as they would be on fixed-odds betting, the underdog can represent the better value.

Indeed, in many ways this can apply even more so than a bet with the fixed-odds boys. While their 7-2 offer on the Wimbledons and Charltons of this world is most unlikely to change, in the spread betting world it is often the case that the quote that you can back the lesser lights at is actually better than the original price the firms marked them up at. If the so-called industry experts believe Charlton should be a goal underdog to a bigger-name team and five hours later they are several points longer, might not they be rather good value?

Of course it depends on the individual circumstances. But bear in mind that the spread firms do not make profits from drawing up the wrong prices. The odds are that their quote is pretty accurate. If it moves significantly you must think to yourself why? Have the firms really got it wrong, or is the new price out of line with the true odds?

How do punters think?

Racing Post football spread betting expert Kevin Pullein makes his money writing columns based largely on historical data and probability, highlighting value bets for the readers of his sports betting columns. But he knows that the numbers are only half the battle.

'I have devoted the larger part of my working life to an attempt to use statistics, hopefully with ever increasing accuracy, to estimate the possibility of different outcomes in sporting contests. I sometimes think I would have been better employed spending that time with my head buried in psychology books.

You simply cannot overestimate the importance

of understanding where and when the weight of wagers from other bettors might distort a market and create false prices, thus enabling you to obtain real value for money.'

The psychology of spread betting works in many ways, but first and foremost be aware of the old spread betting adage, which still holds very true, that human nature makes people natural buyers. Instinct and excitement looks at the upside of a possible bet and whether it is total points in rugby or a multi-sport speciality bet involving various events, market-makers know that they will see more buyers than sellers and set the market accordingly. Of course, every gambler should look at the upside. We all want the big win and the spread betting upside generally offers unlimited profits, while there is nearly always a limit on how much we can make selling. But history will show that if you go against the crowd and sell, then you stand to make much more in the long term.

Paul Austin, managing director of IG Sport, believes that year in, year out, clients who are consistent sellers rather than buyers are the people who make the profits.

'Every year, if a client was to sell on some of our key markets, they would win. If you sold football bookings in every game you would win I think almost every season. The problem is that you cannot miss a match because that is the one that ends with a zero make-up and that is where you make the money. The same applies to total goals in football. Every season—with the exception of 2001–2002, which was a quirk, because there were an extraordinary number of goals in Sky's live matches—sellers would win.'

Everyone wants the big win—to be a buyer of total goals in the match which finishes 5-4 or bookings when there are three players sent off.

But the bookmakers are not stupid. The quotes in many markets are automatically skewed towards the upside to take into account clients' habits. This means that buyers are often backing their choice at a price that is artificially inflated and we will see examples of this throughout the remaining chapters.

This is for two reasons. The first is because if you want the chance of an unlimited upside you are going to have to pay for the pleasure. In effect the firms are making you pay a higher price because their liabilities on the market are potentially much bigger.

Secondly the price is higher because the market-makers know that clients will in many cases come on to buy at almost any price purely out of instinct.

A good example of where both these phenomena can be seen is the regular Old Firm Rangers–Celtic clashes. The bookings market for the game almost inevitably opens well above the 50 mark, in other words at least six bookings are needed before buyers start to make a profit. Almost as inevitably, the price is bought up into the 60s or even higher as fans convince themselves that the match will kick off into a free-for-all.

Sometimes of course it does, but buying at an inflated price on the hope of a huge make-up is not a policy that can yield a long-term profit.

And the market-makers love low-scoring, bookings-free games in any sport so that the make-up is low. No one cheers a 0-0 bore-draw, defensive battle like the spread firms.

The games the firms dread are the free-scoring, bad-tempered matches, no matter what the sport. The freak results, such as the amazing 180-point booking make-up for Germany versus Cameroon in the 2002 World Cup, are the results they

hate. But then think to yourself, how often do they really happen?

The answer is that for every massive make-up, there may be ten that come in under the quote. The big make-ups are statistically rogue results, but it is human nature that we remember the exceptional and unusual rather than the average and typical results. And the spread betting firms know how the sloppy punter will react to that.

The rule must be that if you can position yourself so you are shouting for the same team as the spread firms are with, then I believe that you are on to a winner. Don't be afraid of going against your fellow gamblers, even when the price is moving. Weight of money does not necessarily mean it is correct. If it always was, the spread firms would go bust within months. The question is, why is it moving?

The tendency for spread bettors to buy seems to become exaggerated rather than lessened with experience. Author Geoff Harvey, a psychologist by training, carried out his own research into the way spread bettors and members of the non-gambling general public consider sporting events in different ways. Interestingly, despite dealing with numbers and results in their betting, the average spread bettor finds it difficult to assess possible results accurately.

‘While the general public underestimate the number of events in a sporting context, the opposite is true for spread bettors. If you ask an ordinary person how many runs will be scored in a cricket match or points in a rugby match they usually underestimate and go on the low side of what it will be.

However, when you ask a spread bettor he will over-estimate the variations in a sporting event. They are wildly over optimistic. It is almost as if

spread betting contaminates the eye.

Normally you would think that the experience of spread bettors would make them good judges of statistical events, but it seems not from my research.'

Another interesting finding of the research was the inability of the gambler to accept that extreme results could happen. So if they were asked what the lowest score in a cricket Test series might be, few would suggest a score below 120. If in the World Cup there was a market on the goal time in seconds of the quickest goal of the tournament and it was priced around 150 seconds, most would buy believing a freak early goal was unlikely.

The role of the *Racing Post*

Various factors can play an influential role in how punters decide to bet. The *Racing Post* has become essential reading for serious spread bettors, not only because it provides easy-to-compare tables of many of the day's prices, but because the paper is very good at pinpointing 'value' bets and possible errors in the quotes the firms have set. Whether you choose to follow the tips or not, the columns are at least thought-provoking, none more so than Kevin Pullein's excellent football insights in his Spreadwise and football trends columns.

However, if a team are tipped on the back page of the *Racing Post*, particularly if it is the main sporting event of the day, this will almost certainly have a major effect on the price.

We will discuss later specific sports, but it is worth pointing out now that punters and bookmakers alike are reading the same column. If a rugby league team are tipped as a buy on supremacy at 7–10 and the quote immediately goes up to 13–16, are they still a good buy? Or do they start becoming a good sell because everyone has over-reacted? The answer lies in the circumstances

of the match, but it is always worth bearing in mind.

The same applies to several of the paper's other columns, particularly Pricewise's value racing tips. Just as the price of a horse can collapse at the fixed-odds bookmakers after a bullish tip on a Saturday morning, so the spread firms also react. Expect to have to pay several points more for a tipped horse or team, simply because the weight of money will affect the price. To their credit, the *Racing Post's* sports betting desk recognise their influence. They have an accepted code of conduct that they will not take a price on an event they have tipped until the paper is on the streets and the paying public has had a chance to place their bets.

Similarly, the spread firms also subscribe to the major racing and sports tipping lines. If there is a sudden plunge at 10 a.m. as a tip goes on a phone line, the firms need to know why. They will lay their original price for a short while, but it will move with weight of money and the knowledge that others are still going to buy, even at a higher price. Do not expect to be able to pull a fast one.

How do the market-makers think?

So, we can hazard an informed guess at what our rival spread bettors are thinking and doing. So what are the traders thinking?

Clearly, if they balance the books and have as much gambled in one direction on a market as there is gambled in the opposite, they make a profit on the spread, no matter what the result. However, barely any markets see equal trading and in truth the firms are always with one side or the other on a market. Their strength of feeling will be reflected in how out of line they are willing their quote to be in comparison with the other firms' and how much they are willing to lay at a price before moving it.

Computer spreadsheets will allow a market-maker to assess immediately what liabilities or potential profit the firm face as

the bets are taken. These effectively compute a market down to a single figure so that the traders know how much they stand to make or lose for the firm at a particular price. So on a market for innings runs in cricket, it may be a firm is £100 'long of runs' at 350. That means they stand to make £100 for every run a team score above 350 and lose £100 a run for every run below 350. In other words, although they will have a mix of buyers and sellers, the overall position has seen sellers at an aggregate price of 350. This calculation changes of course as new clients bet at different prices and existing positions are closed for either a profit or loss, but it allows an easy assessment of the firm's position.

The nature of the business, young as it is, has changed significantly in recent years. The pressure on the traders at all the firms seems increasingly to be to balance their books. The times when bullish traders would back their judgement to the hilt against the clients are starting to fade. Instead, the aim more than ever is to try to set prices where there are buyers and sellers, take the spread as profit and make money in the long run.

This is probably largely explained by market circumstances. IG Index floated on the stock market in 2000. When a company has shareholders to satisfy and company results to explain, it is hard to put a loss down to the fact, for instance, that it was heavily against Brazil in the World Cup or really fancied Tim Henman to win Wimbledon and events turned against them. As this book is being written (early 2003), IG's founder Stuart Wheeler is on the point of selling his shareholding in the company and this is also expected to make the firm's trading operations more defensive.

IG is also renowned for trying to ensure their prices are mathematically correct and have developed a range of spreadsheet programs to calculate the correct quotes.

Spreadex are the smallest of the four firms and probably

least willing to take a big position. Notably, if they are out of line with the other firms, they are often the swiftest to change their price.

The sports division of Cantor is largely a sideline to the huge financial operation of Cantor Fitzgerald. As one wag put it, the sports spreads are provided as a service to their financial customers and there is no desire to go out on a limb over prices. Cantor Fitzgerald was badly hit by the September 11 terror attacks on the Twin Towers in New York, when many of their financial staff were killed. Perhaps that and the subsequent downturn in the financial markets has made them more defensive in their trading policy.

Sporting Index has traditionally been the most bullish and brash about its prices. Of all the firms they take the biggest positions and are often first up with prices. They are happy to play the long game—if they take a hit on an event, they are satisfied that it is only money lent and will be won back soon. However, industry insiders believe the tendency is for them to rein back in slightly and it remains to be seen what effect the sale of the company to leisure conglomerate Duke Street Capital in December 2002 will have on their trading policy. Again, as it is a quoted stock market company, the likelihood must be that they will be less willing to take risks.

This has an important side effect for knowledgeable clients. It means that weight of money will have an impact on prices more than ever before. The firms will increasingly become a medium for punters' money, with the price changing according to how much is gambled in a particular direction and the firms simply creaming off the profit. If punters latch on to a team tipped up in the *Racing Post* or a favourite's supremacy is heavily bought, it will move the price. This means that we can then largely end up betting against fellow gamblers. If they back a team and move its price, then it means there becomes value backing against them. It depends why they are backing a team—

maybe the price is simply wrong. But if we believe the market-makers have got the price right, then as always the wise road to follow is going against the crowd.

Kevin Pullein puts the case succinctly.

‘The one thing that crops up time and time again is that prices are most likely to be wrong when they have been moved by weight of money. It is likely to be moved by emotions as people back a favourite or follow a tipster. The good punters are the ones who look at why a price has moved and when they find there is not a strong reason back against the other spread bettors.

People always think they are betting against the bookmaker, but in spread betting you are really betting against your fellow punters. The people who do make money are the ones who are against the crowd for the right reasons.’

Following the best market-maker

As we noted in an earlier chapter, the market-maker will usually know the latest team news, commentators’ analysis and historical trends for a match-up, particularly for a live match. But while computers may give a figure from the data, it is the more subjective information that can make the difference between a profit and a loss for the companies. How will a team feel psychologically if they are already relegated? Is there an on-going row between a star player and a coach? Is playing at home worth more than the bare figures suggest? This is the kind of material which requires a judgement on its importance, which computers cannot assimilate, but which the market trader lives on.

It is also the kind of information that explains the small differences in quotes from the four firms—and which can give punters an advantage.

One of my favourite methods of beating the market is making sure I am with the firm whose judgement I value the most. The events to target often arise in relatively low-key sports and the system requires consistent research of the four firms' performance during a season. But when you spot a trend that one firm is getting on the right side of winning teams more consistently than its rivals, you can be on to a decent payday.

Let's give a simplified example of how the research could work. Say you have noted that IG is consistently quoting the lowest prices for supremacy on American Football favourites who are playing away from home. They are week-in, week-out either the lowest by themselves, or joint lowest on supremacy where the favourites are on the road and favoured by more than seven points. You may find that IG's initial quote is being bought up by punters expecting a blow-out victory, but results show that these teams are consistently struggling to cover the spread. You've found your advantage—now watch their quotes in future.

The other advantage of this type of research is that when you discover a trader who reads one market outstandingly well, they often tend to excel in other markets in the same sport. So, to continue our American Football example, maybe IG are quoting a particular team notably higher than the three other firms on their Superbowl championship index. It does not mean they will win it, but it is worth close investigation.

Throughout the book I will highlight a few of the market-makers to watch in specific sports, but one word of caution. The system works, but needs to be updated continuously. Market-makers change firms and jobs; they get other responsibilities, which mean they cannot devote as much time to their research as they have previously; their own calculations and systems may not work as well from one season to another. Because the other firms are loathe to give up any advantage,

you may also find that in time the gap between the correct lone trader and the other firms closes as they come into line with his quote.

I am a firm believer that this system can work, but it would seem to be most profitable in what might be dubbed 'secondary' sports where, because there is less information and live coverage available, judgement and opinions of the traders become more important.

A variation on this theme that is always worth looking out for is when one of the firms launches a new market. Spread betting firms are always looking for new ways to attract business and the novelty of a new market always appeals to some gamblers. The firms, however, never give anything away willingly. If a market makes it to the public, it will have been tested, researched and put through spreadsheet programmes to the n th degree before it goes live. But the firms are also very competitive and when a new market is launched by one firm and starts to attract business, their rivals are quick to copy it. This is where opportunities can arise. The other market-makers may be able to copy the basics of the market, but the odds are that they do not understand it as well as the people who thought it up in the first place. Look out for games and events where they quote differently to the original firm in the market. If one is wrong, the chances are it is the copycat market-makers.

'The originators of a market nearly always research it properly,' says Kevin Pullein. 'They know the dynamics of the market and what the prices should be. It is when all the other firms follow suit and do not understand it as well that it can get interesting.'

Inevitably, there are occasions when market-makers go out on a limb on a market and quote a price out of line with their rivals, which is in fact just plain wrong. On occasions this is obvious. If one of the firms is hugely out of line with all its

other rivals and all the fixed-odds experts, more often than not, they have made a mistake. So if on a quote for total points in a rugby match, one firm are quoting ten points higher than everyone else, the likelihood is that they have miscalculated or seriously underestimated a particular factor. In reality, getting on these rogue prices can be very difficult because market-makers can see as well as the punter where they are out of line and move the price rapidly to compensate.

As we will see in our chapter on football, however, there is a school of theory that suggests market-makers who are only slightly out of line with the industry average on a price are worth taking on.

Professor Leighton Vaughan Williams from the Betting Unit at Nottingham Trent University has highlighted the phenomenon of quasi-arbitrages or *quarbs*, where punters can take advantage of an out-of-line quote to make a profit in the long run. The details, which were based on research into spread quotes and make-ups in the bookings market, we will save until later. Suffice to say, there is no cut-and-dried answer as to whether betting with or against rogue traders is the answer. It depends on the situation and the information available. But the less information is generally available and the harder it is to discover, the more chance there is for an individual market-maker to have ‘privileged’ information to himself.

The concept of the base change

All market-makers and spread bettors want to get one up on the opposition. Part of doing that is the ability to read games as they happen, recognising what other spread bettors are wanting to do and which markets offer us the best opportunities to win.

But long-term success can also be achieved through recognising something else—a *base change* in a sport that substantially changes the way an event unfolds. This may be a

change which affects all games or tournaments in a sport or which is isolated to particular situations or areas of a game.

Spotting these base changes is difficult. Sometimes they are the type of phenomena that only afterwards sports fans look back on and say: 'Yes, that changed everything.'

Sometimes the difference may be more subtle, but for the spread bettor absolutely as significant. Recognising trends and changes can be a profitable godsend. If you can see that something new is happening before anyone else, you will win. But be sure that the spread firms are working on spotting the trends first.

As we discussed earlier, we are living in an age of sporting dominance and the first examples of base changes are the sportsmen and teams who have come to win so often and so comprehensively that they change the face of their sports.

Tiger Woods is perhaps the ultimate example. Before his appearance on the professional circuit, no player had dominated golf for 30 years and the heyday of Jack Nicklaus. When Tiger came to the US PGA Tour, he had a phenomenal amateur record, but few predicted how complete his domination of the game would become in just a matter of months. Now, he is a 2-1 favourite for every event he plays in and just his appearance at a tournament completely alters the betting market. The game has been fundamentally altered by his emergence in a way that affects the other players and all the betting.

Other dominant teams and individuals are similarly changing the face of their sport. So Michael Schumacher in Formula One and the Australian cricket team come in the same category, even though none probably quite match Woods's mastery of his rivals.

And of course, everything that goes up must eventually come down. All great empires eventually crumble and the bettors who first spot when Woods, Schumacher, the Australians or

whoever start to lose their edge over the competition will be on to another profitable base change. Maybe it will be age eroding their skills, maybe it will be a lack of motivation taking away the winning drive, maybe it will be technology levelling the playing field, but it will inevitably happen.

In the non-sporting world, Labour's election victory in 1997 saw a significant base change in the political landscape. No one thought the party could win by so far because the natural Tory shires would protect the Conservatives from a complete electoral trouncing. How wrong that view seems now.

Base changes can be more subtle and unusual and some are really of interest to spread bettors and few others. Rule changes and interpretations can dramatically alter the way some spread betting markets are calculated, even if they make relatively little impact on who wins or loses an event. During the 1999 Cricket World Cup, Sporting Index made one of spread betting's biggest gaffes after grossly underestimating the total number of wides in the tournament. Everyone has a different version of how Sporting got their figures so wrong. But one of the reasons was that they had failed to recognise how the new white ball used in the tournament swung appreciably more than the normal red ball and was far more difficult for bowlers to control. The error, compounded by the fact that Sporting bungled by also using the wrong average figures for the market, cost them more than £500,000.

Changes in rules and the way referees and umpires are instructed by a sport's governing body to interpret the laws of the game can affect markets. Maybe new equipment will have an impact. In golf, players are hitting the ball further and more accurately thanks to tremendous advances in clubs and ball technology. Suddenly, long-hitting players do not seem to enjoy the same advantage as they did just a couple of seasons ago.

Sometimes single games or tournaments can see a base change in the way they are played—and when this happens it

can leave the spread firms' best statistics way out of line. One example is the Scottish Masters Snooker, the tournament immediately before the Embassy World Championships in Sheffield. All the world's best players want to peak for the World Championship and inevitably it means they are much less concerned with a run-of-the-mill event finishing days before. Most will probably enter the Scottish Masters...but probably are not too upset if they are knocked out early. Not surprisingly, there is a history of surprise winners in the tournament—even though the big guns are invariably marked up as hot favourites.

International football 'friendlies' can also often see unusual results. Early in 2003, England hosted the Australian Soccer Roos team. The England management had made it clear the game was merely a run-out and they wanted to get as many players on the pitch as possible. For the Australian team, including star players Harry Kewell and Mark Viduka, it was a chance to capture a big scalp and prove they were the equals of their more illustrious rivals. All the spread firms made England 1–1.3 goal supremacy favourites—slightly less than the international records and FIFA world ranking suggested, but still strongly fancied to win convincingly. In the end, England were flattered to lose only 2-1.

One football trader said:

'On a game like England versus Australia we were constrained by the statistics. We might know England are not revved up for the game, but the figures mean we have to make them favourites. The skill for the clients is knowing the games where there is a mis-match in desire and intensity. Which team wants to win, which is not too bothered. None of us were surprised to see England lose, but we have to set a price to make

sure we see each way business and that means England favourites. If we had marked up the game as a level contest, we would have been overwhelmed with England buyers and that gives us an unhealthy unbalanced position.'

As he says, the skill is in spotting the opportunities when they come up.

All these examples, whether it is personal excellence or a variation in the laws of the game or a one-off situation, are there to be seen. All it needs from the gambler is a little lateral thinking and to consider what effect new conditions might have. The only rule is that in the competitive world of sport, the status quo never exists for long.

Chapter Six

In-running Action

Why the spread firms love punters who bet in running. The psychology of accepting losses. The wisdom of self-imposed stop-losses to avoid the disaster bet. The financial trader's strategy applied to spread betting.

Sporting Index ran a series of adverts at the end of 2002 encouraging clients to start trading while a game was in running. The blurb in the *Racing Post* pointed out that 25 per cent of the firm's football bets were struck after the game had kicked off.

Little wonder why Sporting invested in the advert. Some of those 25 per cent of wagers are of course punters missing the start of the match and coming on to the phones to bet shortly after kick-off, but many are people trading in and out of the game while the action takes place.

And for the spread betting firms, people who trade during a live game, either to open a position or close out a bet are the lifeblood of the business and are welcomed with open arms.

For the traders, in-running betting serves two main purposes. The first is that new money being invested can help them balance positions as the game goes on. For example, if one of the firm's has a big position on a team's supremacy in a football match because they were lowest before kick-off, then the trader can attract more money backing against the team by raising its quote as he watches the game. The alterations to the quote itself may be minimal. But if the changes are out of line with the other firms, the result should be to make betting with that firm more

attractive and bring in new business while the game is being played. Of course, it may be the firm is happy to have a large liability because they are confident their interpretation of the game before kick-off was correct. But, as the trader watches the game and sees the firm's potential profit or loss on a particular market, the option is there.

Patrick Jay, the former chief football trader at IG, once said that his bosses joked that he was the worst trader at setting an opening quote, but one of the best at trading in running. He opines that being able to read a game as it was played was the key to good trading.

The second reason that spread firms like people trading during a game is because every time they have a bet they are paying the spread again. If a firm mark up a rugby union game and make the home team 10–13 points favourite, it implies they think the team will win by 11.5 points. A client who buys at 13 is effectively paying 1.5 points over what the firm think the supremacy should be and that is their profit margin. If, however, once the game starts the away team are playing well and take an early lead, the supremacy quote may come down to 3–6. Our friend panics, wants to get out of the bet fearing he has made an error of judgement and sells at 3 to close the bet. Again the quote implies that the real supremacy mark should be 4.5 so he is once again paying 1.5 points over the 'correct' price to have the right to get out of the bet and stop any further losses.

Now in this case maybe the punter was right and the underdogs were set to pull off a surprise win. Then again, maybe it was just a good start and the home team would reassert themselves as the game progressed.

Either way, the bottom line is that in the long term closing bets, whether it is to take a profit or cut your losses, is not the answer. The market-makers are watching the same game as you are and their updated quote is more than likely to

reflect events on the field. On an individual game you may make the right decision to close the bet, but the odds are that over time, when you have got some right and some wrong, the only effect will have been that you have had to pay the extra spread.

Watching a live sporting event being traded in running is fascinating, not least because of some of the stranger decisions gamblers make. People coming in and out of the same market several times within the space of a few minutes or closing out a bet for a tiny profit with half the game to go are difficult to explain except that they are betting on a whim. As one trader said: ‘If you have the bet in the first place, you should back your judgement and want to stay in. What’s the point of getting out? If you thought Arsenal were a good team 20 minutes ago, have you seen enough to say they are not now?’

One theory to consider is that a punter should only close out a bet if he would be happy to have a separate trade in the opposite direction. So returning to our rugby union example above, the argument follows that a client should only sell at 3 if he would have been happy to do so if there was not already a bet running in the first place.

Andy Wallington, football manager of Spreadex, goes further—not only should you close the bet, but you should bet again.

‘I was always told that the rule should be only close a bet if it is the wrong price and you want to bet on it quite apart from closing out. So if you close a bet for £10 at a price you should in fact bet £20—to close the original bet and bet again in the other direction. The test has to be “is the price wrong?” every time.’

As with any rule of course, there are exceptions. The first is that if a position is going horribly against you and you are in danger of blowing the bank, maybe you should close out. This is not the ideal by any stretch of the imagination, but you have to be in it to win it and you cannot do that if you have lost heavily on the game last week and your account has been frozen until you find new funds. Psychologically, closing a bet and accepting a loss is very difficult. It requires the honest judgement that we have made a mistake. Also it requires the judgement that even though there is a chance the position could right itself, the likelihood is that it will not. The decision on when to bale out depends of course on the circumstances and how much you can afford to lose. The best advice is act decisively—from experience pondering and waiting to see what happens next invariably costs money in the long run. Also, put the loss down to experience and try to learn. Were your stakes too high? Is the market too inherently volatile to bet safely in? Were you even just really unlucky? However, if taking a big hit is a problem that gnaws at you then you should not be spread betting.

Certain markets, once they move against you, can also tend to carry on in the same direction more than others. This is largely down to experience and every spread bettor has his story to tell about how he wished he had closed a bet, but stayed in and went on to suffer. One of the key tests for me is what motivational factor is left for the side or individual you have backed, but who are struggling. The team that is three goals down and resigned to losing are not likely to come back from the dead. A golfer who is way down the field is not likely to start taking shots back from a player who is in contention at the top of the leaderboard.

Applying a strict financial mindset to sports spread betting can also pay dividends. The city truism is that the investor should cut his losses and let the profits run. The tendency

of most inexperienced spread bettors (and share traders) is to do the exact opposite. They usually close out bets to make sure they win something, but let losses mount up in the vain hope the market will swing back in their direction.

If you get involved in opening and closing trades at all, this is definitely the wrong way of doing it. The aim must be to maximise profits and minimise losses. One way of doing this is to apply your own stop-loss practice to your betting.

Some sports markets have a built in stop-loss, often depending on the type of account a client has and the volatility of the market involved. So on certain markets the bet will automatically close when a position has moved a predetermined number of points.

Consider imposing on yourself the discipline of city traders and enforcing a self-imposed stop-loss of, say, 40 per cent as a percentage of the market's volatility on a bet. So, for instance, if a football supremacy bet has a volatility of about five goals (realistically a 5-0 result is the best- or worst-case scenario), the bet should be closed out if the team you are backing falls two goals behind.

The advantage of this discipline is that it will stop blow-out losses that break your bank and it takes away the uncertainty of relying on your own opinion in the heat of the moment. Of course, sometimes, your team will come back from 2-0 down to win 3-2—but remember how many more times teams that are 2-0 down do not recover and end up being beaten by more. Self-imposed stop-losses should also be applied automatically on markets where the possible downside is unacceptable, such as cricket runs and touchdown shirt numbers, where swings of several hundred points are entirely possible. This partly depends on the stake you are betting with, but avoiding Titanic bets (because they sink you out of sight) is a priority.

Staying with the stock market approach, it is fair to say that the mindset of the trader is key to in-running trading. The following is part of an article written by a financial day trader and appeared on the SchaeffersResearch.com website. In effect, unless a trader buys shares when a company floats, all financial trades are in-running investments and the analysis applies whether we are trading financial or sporting options. The article will ring bells with all spread bettors.

‘Emotions such as fear, greed and frustration drive the market. They also cause many traders to lose money...you need to have an understanding of sentiment and of yourself.

You look at your screen and see that you are up 50 per cent on an option position. You think about selling it to lock in your gains and then remember that the last time you locked in your gain, the stock moved higher for the next three days. If only you had held... Then you remember the previous trade where you tried to let it run and the stock moved lower the following day and your 50 per cent gain turned to a 20 per cent loss. If only you had locked that gain in...

You then turn your attention to another position where you are down 25 per cent. You think about selling to limit your loss because the last stock that went down never came back and you are still holding on to that 100 per cent loss.

Fear and greed are the forces that drive the market, but you need to make sure they are not the forces driving you. This is going to require that you take a look at yourself objectively and

decide how much impact emotions are having and where the impact is being felt the most.

Keeping a trading journal and doing post-mortem analysis of your trades will help you figure out where the weaknesses are. The way to neutralise emotions in trading is through the use of rules. Having rules and sticking to them gives you a process. If trades are not working out, you can go back and evaluate your rules and not focus on beating yourself up.

The reason it works is that psychologically it moves the burden from you to your process—it takes the emotional response to criticism out of the equation. If there are problems with the process, you can deal with that...you can refine it, you can scrap it completely.

Read any book about great traders and the underlying theme is that they found ways to overcome the negative psychological effects of trading.

Remember trading is about making money, not about being right or wrong. Right or wrong brings ego into the picture and ego brings emotion. Ego does not allow you to cut out trades at a small loss because they are a chip shot away from being at break-even and if you can just ride it back to break even then you are not wrong.

The problem is that small losses have a tendency to snowball into larger losses. If you are trading for ego, you are going to get crushed. A trader has to be comfortable with losing and have respect for what large losses can do to your portfolio.'

Professional gamblers often apply the reverse policy when a trade is going well and play up a profit by reinvesting in the same market. So if they have bought innings runs in a cricket match and a team have raced to 100 for no wicket, they will buy again. It is a thought few amateur spread bettors consider—their natural inclination is: ‘Great, it is going my way. Shall I take the money now?’

Of course, for each new bet you strike, the punter should go through the same thought process—is this a value trade?

Sometimes events occur on the field that no one can predict and which effectively change the basis for assessing the game. The most obvious of these is a sending-off in a sport such as rugby. While football teams allegedly find it harder to play against 10 men, rugby league and union teams usually do not and find they can run in tries at will. A sending-off can move a quote 20 or more points—and then it is often not enough. In 2002, when England faced South Africa at Twickenham, the Springboks had a forward sent off. England led at the time by 10 points and the dismissal moved the supremacy quote into the low 30s. By the end of the game a rampant England had beaten a shattered 14-man South African team by 53-3. Other situations can be more difficult to assess. An injury to a key player should not normally be enough to persuade you to come out of the bet—if a team is so reliant on just one individual, should you be backing them in the first place?

The weather is another important component that as we all know can be devilishly difficult to predict. For instance, if the weathermen get the prediction wrong and it is blowing a howling gale during an American football match when calm conditions were expected, it is fair to say it will have a drastic effect on total points and touchdown shirt numbers. Throwing the football any distance becomes almost impossible and the game becomes a case of keeping

possession on the ground. Perhaps in a football match, the original referee is replaced at the last minute by a much stricter official known to wave yellow cards around more liberally.

All the above are cases where we may have to swiftly reassess our original trade and act drastically, even if it means taking a loss.

There are times when we can use trading in and out of a market to our advantage. On long-term markets such as a team's league points or a season-long championship index we can take advantage of the fixture list. For instance, we might be able to buy the total league points of a team which has a relatively straightforward run, before closing the bet out later in the season. In the chapter on golf we will highlight specific situations where we can sell a player's finishing position in a tournament, with the intention of closing the bet after the first or second round. The advantage of such systems is that they are usually not too volatile. The disadvantage, as we have already established, is that the punter is paying the spread twice over a relatively short period of time.

One of the weaknesses of many gamblers is that they consistently place too much emphasis on the most recent events and the latest information available. Psychologists call it, among other things, the 'availability factor'. A late tackle goes in and clients want to buy bookings. A batsman hits two fours in an over and everyone wants to be long of his runs. A team make a big signing in the off-season and everyone buys their season points. Most people over-react to the latest piece of information, whether it is an event in the game they are watching, or the form of a team or sportsman in the last fortnight.

Richard Johnson of IG says the reaction of gamblers is the same whatever the sport.

‘When I was trading football, if it was an all action ten minutes with a goal and corners and bookings, everyone would come on and buy expecting it to continue. But really what happens in an isolated few minutes can have little to do with the rest of the game, which might be much more uneventful.’

This has two results.

The first is that the market-makers know that punters will want to buy when something happens and mark up the price accordingly. If clients are going to buy, they might as well buy at a bad price is their thinking. So when a batsman hits two fours and a six in an over and everyone rings in to the offices wanting to buy his runs, they will find the quote will have gone up by more than those 14 runs.

This leads us to one of the most important rules of in-running spread betting. Know what quote you have in mind before you make the call. Do not think ‘I want to buy shirt numbers at any level’. For any trade there is a right price and a wrong price and in the long term we cannot make money taking the wrong price. If you ask for a quote on an in-running trade and the price is less favourable to you than the one you think it should be and are willing to pay, then it is easy enough to say ‘no thanks’. The spread firms are happy to quote prices to callers who then decide not to trade—it is part of the business.

The second problem with reacting to events on the field in the very short term is that it is not usually a good test of what will actually happen and what will be the final make-up of a market. Statistically, this makes sense. If you were asked how many tries are scored in a typical rugby union match, you would not base your results on watching the

first ten minutes of a rugby match during which two tries happened to be scored. It does not mean there are going to be two tries every ten minutes and no one would expect it. Instead, you would look back at figures over a season or so and work out an average, depending on styles of play, strength of opposition, pitch and weather conditions, etc.

It may go against human nature not to get excited and react to what we see before us, but all is not what it seems usually. When you try to read a game, attempt to assess what the market-makers to your fellow gamblers are thinking. The skill is in second-guessing others as much as watching what happens on the field of play.

Chapter Seven

Arbitrage and Why the Firms Hate It

They are—at least in the eyes of the industry—the pariahs of spread betting, living on the back of the firms and other punters, taking money out of the industry without risking any of their own. The firms work to spot them and their tricks in what is a constant battle of wits. And they are the clients most likely to have their accounts closed when they are found out.

Much as the firms love in-running trading, there is one thing they hate with a passion—the clients who play arbitrages.

The business of exploiting arbitrage situations is a long and difficult road, at least in its simplest form. The theory is that punters can take advantage of differences in prices between the firms. So, suppose we have a rugby union international between England and Wales. Sporting has England favourites by 20–23 points, but Spreadex, when they go up with their quote, think England will only win by 14–17 points. Bettors who sell supremacy with Sporting at 20 and then buy supremacy with Spreadex at 17 for the same stakes are guaranteeing themselves a profit of three times their stake, no matter what the final result. Suppose we stake £10 a point, then we win £30. If England win by 50, we lose £300 with Sporting (50–20 equals 30 times our £10 stake), but we win £330 with Spreadex (50–17 equals 33 times our £10 stake). If England lose the game or win by less than 20, we still make £30, except it is from Sporting instead of Spreadex.

It is fair to say that every day these discrepancies in the prices of the firms exist across all sports. All the arber needs to do is spot the differences between the firms.

That's the theory. The reality is very different. Firstly, the

margins the arber can make are generally relatively small—only a few points at most. To make the system pay in the long run, large credit accounts are needed with all the major firms. Also when there is a difference between firms on a market price, it does not tend to last for long. When the phones are ringing off the hook at 10 a.m. in the spread offices, it is not just punters looking for value—it is arbers getting on.

Paul Austin at IG says his firm know who their arbers are.

‘It is the same people ringing first thing in the morning to get those prices and then trade against them with another firm. It takes money out of the industry and for the genuine clients it means they find it harder to get the price they want.’

One insider estimates that arbitrage costs his firm a total of £250,000 every year—money taken out of the industry for no risk.

The firms have their methods of stopping the practice. When an arber—or ‘alpha’ as IG traders call them—comes on to the phones he may be quoted a different price, or just part of his stake at the price and the rest at a quote more in line with their rivals.

At this stage the tactics can become more devious: fake accounts, trading with other people’s accounts, closing out trades just through the internet to disguise arbitrages and avoid voice recognition are all common stratagems. The policy also has obvious problems. For all the seemingly safe profit an arber might make on a series of trades, it only takes one mistake for disaster to strike. Getting a bet on with one firm, but not the corresponding bet with another is a constant risk. Stop losses on certain bets or a different policy on the settled result also need to be taken into consideration.

Despite the problems, there is probably a hard core of 200 determined arbers who play the markets simply for the differences

in prices, scrambling for prices when the offices open and monitoring the markets for the slightest opportunity.

Arbitrage opportunities can come in many forms, however, not all of which will bring contempt from the spread firms.

Technical arbitrages can be created by betting in different markets on the same event, which offers the possibility of large returns for little or no risk. Professionals look to take advantage of small variations in the markets by betting in certain proportions to guarantee a profit. These are often on indices for an event where firms have a different scale of settlement (so, for instance, in Superbowl betting Sporting Index have a 100–70–50–33–20 scale while IG award 60–40–30–20–10). By investing in the correct proportions, traders can lock in a profit once they have calculated the mathematics of the prices.

Traders also make profits from forecasting the movement of a price before the event takes place. As we discussed earlier, predicting how your fellow gamblers will act, and the direction a quote will move in, puts us at a big advantage. Taking this to its logical conclusion, professional gamblers (often betting with large stakes) will move into a market when it is first put up on the basis they know how the majority of gamblers will act. They will assess how spread bettors will react to a game and look to make money before events unfold.

For example, a popular team is made favourite in a rugby match and the *Racing Post* tip them as a good bet because news has come through that their opponents have injuries to key players. The arbers will then buy early with the express view of closing out shortly before kick-off after the price has moved in their direction. The scheme never involves leaving a bet open until an event starts, even if it means making a loss. The plan is to make a steady profit over time.

Not that movement of quotes is always that small. Tipsters, rumours, injury news, all can mean a big surge in the price.

In the 1994 World Cup one of the biggest ever betting plunges

went belly-up when money from across the world was piled on to Cameroon to beat Russia. The Russians were already out of the tournament after losing their first two group games and were expected to put up a limp display against the African side. Rumours were rife suggesting that the Russians were going to throw the game and the Cameroon price came in from 13-8 to 4-5—a shift reflected on the spreads, with Cameroon moving from nearly a goal underdog, to a goal favourite within just a few hours' trading.

In the event, the game was won 6-1 by the Russians after Oleg Salenko scored five goals: a disaster if a supremacy buyer of Cameroon stayed in until the end of the match, but a handsome profit for anyone who followed the money, but got out before kick-off.

Another area where money-makers will look to trade are markets such as total points in rugby where poor advance weather forecasts mean the price will have to come down significantly. The aim again is to close out with a profit once the price has moved, but before the event takes place. The system relies on good information and an awareness of how the spread firms and other bettors will react.

A trading system which is more easily available to the everyday spread bettor is fixed-odds hedging. This is where a spread betting position is off-set by a fixed-odds bet and can be seen in several forms.

One of the simplest fixed-odds hedging methods can be seen in the index markets. For example, in the first and second group rounds of the Champions League, weak group favourites provide a potential killing. European football is always more difficult to assess because of the relatively limited number of games played between clubs from different countries. Consequently, big-name Spanish and Italian teams are often made favourites without necessarily always justifying it. On a group index where the winners are given 25 points, the second placed team 10, third five and last team nothing, it is not unusual to see favourites given an opening

quote of 18.5–20. On the fixed-odds, the team will be slightly odds on. By selling the favourites on the spread, but backing them on fixed-odds to win the group, the effect can be to have a bet to nothing. If the team wins the group, the spread bet loses, but the costs are largely covered by the fixed-odds win. If the team comes second, there should be a small profit. If the team comes third or fourth, serious money can be made.

The skill is in spotting the opportunity and getting the mathematics—which are not as complicated as they seem—correct.

Betting consultant Joe Saumarez Smith says:

‘Fixed-odds arbitrages are among my favourite bets because they have the potential to be very profitable for a limited risk. The firms do not object to them in my experience because you are risking money with them, even if you’re limiting your exposure overall.’

Chapter Eight

Football Matches and Markets

It is a cold night in the East Midlands and Burton Albion from the Football Conference are playing in an FA Cup first round replay against Second Division Oldham. The match of the season for Burton, but normally the only mild interest in the match for the neutral would be the pleasure of seeing a possible cup shock. But this game is different because it is live on Sky and that is the key for the spread firms and legions of football punters.

‘If a game is live on Sky or terrestrial TV we will do business,’ says IG’s Paul Austin. ‘Any live game is worth more than even the most high profile match that is not on television. We live off the TV coverage because it opens up all the in-running possibilities.’

The coverage of live football has revolutionised football spread betting. Every week of the season Sky will offer at least two live Premiership games, often three or four. Two lower league Nationwide matches will be available, as will two live matches from Spain’s La Liga, two from the German Bundesliga, a game or two from the Scottish Premiership, FA and League Cup games and subsequent replays and while British interest lasts, upwards of six live Champions League and UEFA Cup midweek matches.

No one can say they do not have enough options to bet on. And from 2003 the choice is expected to grow, with every Champions League game scheduled to be live on TV.

The coverage leaves the spread firms with a problem they can live with—trying to trade them all in running.

Football provides the spread firms with some 60 per cent of their turnover and it is their most profitable sport—not only because it provides most business, but also in terms of making more money per pound bet.

But it is possible to make money on football and spread betting's shrewdest judges do so.

Kevin Pullein's football tips in the *Racing Post* prove profitable year after year, based largely on statistical analysis and probability. Encouragingly for anyone who has read his column and thought the arithmetic is beyond them, Kevin is not a degree-level mathematician. A-level maths and hard work have made him a self-taught statistician and he stresses that anyone with moderate numeracy can be similarly successful.

'It is my job to find angles and areas where the firms are weak. I think it is definitely possible to turn a profit, but it relies on the principle of finding prices that are wrong. In other words when events are more likely to occur than the prices suggest.

It is getting harder to win because the market-makers are getting better and better. Most often the value is in selling a price although you cannot make a profit selling every time.

Most people also want to back the favourite. The value is often with a team that is the underdog because they are often not as bad or as far behind the other team as people make out.'

And Kevin Pullein's best tip for any spread bet? Work out your own price first.

'Whatever you bet on, it is worth looking at matches first. Work out your own price and what you think the markets should be before you look at the prices the firms are offering. It allows you to get a better judgement on whether they are value or not.'

Goals galore, supremacy and shirts

At first glance, the choice of markets can seem overwhelming. Which is the best way of betting on a team? Simply buying their supremacy, getting long (the firms' phrase for buying the upside of a quote) of their performance index or backing them on a 25-10 win index?

What spread bettors should always remember is that most markets are interrelated and that the first quote the market-makers price up is the number of total goals in a match.

Think about the number of memorable games you can remember from years gone past that did not involve the team you support. I'll bet the two games when Liverpool beat Newcastle United 4-3 in consecutive seasons in the early 90s were among them and that there is not a nil-nil draw to be seen.

We all like action and we all like to see goals. It's human nature. What you may not realise is that seven-goal thrillers happen in about one game in 50 matches. Only just over a quarter of games produce more than three goals, with 1-0 and 1-1 being by far the most common scores.

Which is why when you see a quote for total goals at 2.7-3 you need to think very carefully before buying. What are the chances of winning? And even then, how much are you likely to make?

From the total goals quote, the firms can then produce their supremacy prices based on what percentage of those total goals the two teams are likely to score. So if a team is at home and is generally regarded according to the fixed-odds boys as an evens shot, expect it to be favourite on the supremacy market by about half-a-goal. A team that is slightly odds on will be around a goal favourite, while fixed-odds prices of around 1-2 will see a team approaching two-goal favouritism. As a general rule, home advantage is

regarded as being worth a half-goal on supremacy quotes, depending on the two teams' relative home and away records. So, if two teams are judged to be of identical standard, on a neutral ground the supremacy quote would be 0.15 your choice (giving away 0.15 of a goal whichever team you back). If the game was at one of the team's home grounds, then their supremacy quote might be 0.3–0.6 or 0.4–0.7.

It is always worth remembering that the majority of spread bettors and market-makers are still based in the south-east and the fashionable London clubs—Arsenal, Chelsea and Tottenham—still attract 'lazy' money from fans of the clubs. Occasionally the traders are also swayed, and one former trader at Sporting was renowned for always betraying his love of Arsenal by consistently offering the highest quotes on the Highbury club.

From these figures, a whole range of markets are then calculated by spreadsheet computer programs: the time of the first goal of the match, the time of the first home goal and first away goal and the various performance indices.

It is worth here considering some basic statistics. Depending on whose research you rely on, the average Premiership football match sees 2.65 goals a game, slightly less than the other major footballing leagues in Europe. The average goal is scored in the 50th minute, the later time being explained by games becoming more open as defenders tire in the second half, losing teams throwing more men forward and the effect of added minutes of injury time. And if those two figures are correct, the average total goal minutes should be 132.5 in the typical match. The average first goal is scored in about the 37th minute and since home advantage is worth an extra half-a-goal a game it is no surprise to know that home teams score before away teams hit the net. If a game is expected to have several goals, the

average first goal will be scored earlier than in a tight defensive match and the quotes will reflect that.

If, for convenience, the spread firms expect a game to have three goals scored and one of the teams is a goal favourite on the supremacy market, it is easy to work out that the firms have the favourites in for two goals during the match while the underdogs are expected to score one. What is sometimes harder to work out is how this goal-scoring expectation decreases during the game. The table below shows in percentage terms how a team's assumed goal expectation decreases during the course of the match. Notably the highest goal expectation is for the last 15 minutes of play—partly because it includes injury time and partly because it is when teams are pushing hardest for an equaliser or winner.

Before kick-off	0.50	1.00	1.50	2.00	2.50	3.00
After 15 minutes	0.44	0.87	1.31	1.74	2.18	2.62
After 30 minutes	0.36	0.73	1.09	1.45	1.81	2.18
At half-time	0.28	0.56	0.84	1.12	1.40	1.68
After 60 minutes	0.20	0.39	0.59	0.79	0.99	1.18
After 75 minutes	0.11	0.21	0.32	0.43	0.53	0.64

How goals expectation declines for a team during a match

Source: *Racing Post*

For example, take Arsenal against Manchester United in the crunch game of the 2002–2003 season's Premiership title race. All the firms had Arsenal as very slight favourites with the quote at kick-off being 0.1–0.4 Arsenal over United. The firms also all expected the game to see plenty of action and quoted total goals at 2.8–3.1 or 2.9–3.2. Now from these figures, we can work out how many goals the teams were expected to score. First, the mid-point of the 0.1–0.4 supremacy quote is 0.25, so in effect the firms expect Arsenal to

score a quarter of a goal more than United. If the firms collectively (and for ease of calculation in this case) expect the game to produce exactly three goals we can see that Arsenal are in for 1.625 and Manchester United in for 1.375.

At half-time Manchester United lead 1-0. From the table we can see (or using a calculator quickly work out) United's goal expectation for the second half is just under 0.8 considering their initial goal's estimate. Added to the goal they scored in the first half, we can see that they would be expected to score 1.8 goals by the end of the match.

Arsenal, meanwhile, who have failed to score in the first 45 minutes, would be expected to score about 0.9 goals in the second half (again the table shows us roughly or an exact figure can be calculated).

These figures are very useful. They show us that there should be 2.7 goals scored in the match (Manchester's 1.8 plus Arsenal's 0.9) and that Manchester should be about 0.9 goal favourites. In terms of the spreads it would produce quotes of 2.6–2.8 for goals and 0.8 to 1 Manchester United favourites (most spread firms close the size of the spread at half-time to 0.2 of a goal instead of 0.3). Again, the figures can be extrapolated for the other markets, many of which are updated at half-time, such as total goal minutes.

The total shirt numbers of the goal scorers—another hugely popular market and one that often decides whether the firms have a good or bad night—is also partly calculated from supremacy quotes. The other significant factor of course is who is playing in what position and wearing what number. Players wear squad numbers in most games now so the occasions when firms quoted a price and then discovered the players were numbered 1 to 11 have become rare. But knowing that a high-numbered forward has been drafted on to the wing or a team have several high-shirted reserves in line to play can be vital information. It is a market that never properly settles until the teams walk on to the pitch and for which inside knowledge—or informed guesswork—

can be very helpful. There are times, however, when it can backfire. One client with IG known to have sources close to Liverpool once bought the team's shirt numbers expecting Michael Owen (shirt number 10) to miss out on a game and his replacement from the reserves to be wearing a much higher-numbered shirt. When the teams took to the field, to his horror Owen was playing. IG refused his attempt to void the bet, but let him close out before kick-off for a small loss.

The 25–10 index, or the *Windex* as it is known, is the spread version of fixed-odds. The winning team is awarded 25 and the losing team 0. A draw sees both teams given 10. One of the appeals of the *Windex* is that losses are contained, even if the team you are supporting get hammered. If two teams are evenly matched, expect their quote to be in the region of 11–12.5—in other words just hovering above the draw. A team that is evens favourite may be quoted about 13–14.5 and a team that is a shade of odds on at about 14–15.5. When a team becomes heavily favoured, the price can be rated in the 19–20.5 region or above.

The *Windex* quotes for the two teams are of course connected—as one goes up, so the other must come down. Otherwise there is less than a 100 per cent market and it would be possible to buy one and sell the other to guarantee a profit no matter what the result.

Clearly, a team's supremacy is related to its *Windex* quote. The more a team is likely to win, the higher its quote in both markets. The table on the following page shows how the two markets correlate in strict mathematical terms. If when you study prices for a match one is significantly out of kilter with the other, it may offer a good betting opportunity.

However, the *Windex* also provides the spread firms with one of the easiest ways to take on favourites and it may be that if the price is 'wrong' on the *Windex* it has been done deliberately by the market-makers. Suppose Arsenal are at home to a middle of the table team one weekend after playing a tough away game in Europe.

They are strong favourites, but a market-maker is happy to lay them. One way of doing so without exposing the firm to massive risk would be to deliberately ease Arsenal on the win index and set what would statistically be the wrong price in a bid to attract buyers. The argument is that while the firm will take on Arsenal to win the match, they will still shy away from Arsenal on supremacy. This is because although the Gunners may lose the match there is also every chance that they will run away with the game and win by three or four: a potentially much more expensive mistake if the firm are lowest on Arsenal supremacy.

As one trader puts it: 'The Windex allows us to take on a favourite, but not too much. It means we can get a position without necessarily facing huge liabilities if a team go mad on a scoring spree.'

Supremacy quote	Favourites Win Index	Outsiders Win Index
0	11.8	11.8
0.2	13.0	10.6
0.4	14.1	9.5
0.6	15.3	8.4
0.8	16.3	7.4
1.0	17.4	6.4
1.2	18.3	5.6
1.4	19.2	4.8
1.6	20.0	4.1

*How supremacy and the 25–10–0 win index relate to each other
(The figures are mid-points and do not take account of the
firms' spreads)*

Source: *Racing Post*

Returning to our example of the Arsenal versus Manchester United Premiership game gives a clear example of this. As we mentioned earlier, the supremacy quotes were 0.1–0.4 Arsenal

over Manchester United (Cantor had originally gone 0.2–0.5 before moving the price after seeing sellers). However, both Sporting Index and Cantor had Arsenal available at 12–13.5 on their Windex and although that price is not listed on our table above, it is easy to see that buying Arsenal on the Windex at 13.5 would be equivalent to buying supremacy at 0.3. In other words, the win index offered a tenth of a goal better value than the supremacy market. The firms' thinking? I suspect they thought that Arsenal at home have the potential to win by several goals. If Manchester United were to get ahead the chances were that as the away side they would look to consolidate and hold their advantage rather than pressing on. If clients were going to back Arsenal, the firms would rather they did it on the Windex than goal supremacy. (And the result of the match?—2-2.)

Cornering the market

Markets for the number of corners in a game, multi-corners (the number of corners in the first half multiplied by the number in the second half) and cross-corners (the number of corners each of the two sides gain multiplied together) are worked out strictly by statistics.

The quote for the number of corners rarely strays much beyond 11–12. Surprisingly it is a popular market, despite (or is it because of?) its relatively low volatility—make-ups of more than 15 corners a game or below five are statistical rarities. Research by the *Racing Post* over a four-season period found that half of all games saw a corner make-up of between 9 and 13—two either side of the average count of 11. Two-thirds of all games saw a corner make-up of between 8 and 14—three either side of the average of 11.

The spread on the market with all the firms is one corner, making it one of the biggest in percentage terms in relation to what the final outcome will be that spread bettors have to pay.

Corners make-ups also illustrate how much harder spread betting is to win at now as compared with the early days of the industry. While a quote of 10–11 is accurate on an average match today, once the spread firms were regularly going 15–16 for their opening corners quote—and were still seeing buyers at that price. Bygone days.

The cross-corners market is usually quoted in the high 20s or low 30s. Here, even if the total number of corners might not vary by much, who gets them can have a huge impact. A game of 12 corners shared between the two teams (six each) makes a cross-corners make-up of 36. But a one-sided game where a team scores 11 corners to just one for their opponents has a cross-corners make-up of just 11.

In a similar way, the multi-corners market needs a balanced game for buyers to be happy. No matter how action-packed the first half is with numerous corners, if it is followed by a dull second half with only one or no corners, the make-up will be low.

Corners supremacy is an area of heated debate in spread betting circles. Do better teams always get more corners than weaker teams and if so how many more? The answer is that they probably do, but the reasons are unclear. The more attacking a team does, the more corners they should manage to gain. Also, the style of attack may influence corner counts. Teams that try to pass their way through a defence probably get fewer corners than teams who play the ball out wide and press down the flanks.

Some successful teams regularly outgun their opponents in the corner stakes, but anomalies are not unusual. Inter Milan gained fewer corners during their successful 2002–2003 Champions League campaign than a host of teams both home and away, including Newcastle and Ajax.

Psychologically, betting on corners and similar ‘neutral’ markets has the advantage that it takes away the emotion of a bet.

Brett Arends in his book *Spread Betting: A Football Fan's Guide* (Time Warner 2002) says he prefers betting on corners and bookings to supremacy because it makes a rational judgement easier—not least when a bet is going wrong.

‘Betting with your emotions is the express elevator to gamblers’ hell. If you are hoping, wishing and praying for a result, don’t bet on it too. Just enjoy the game. This is one of the reasons I prefer the bookings and corners market to supremacies. It is impossible to get emotional about corners, no matter how hard you try. Once you bet on who will win, you will start cheering for them. This will leave you in a poor state to recognise when the game’s up.’

The battle for bookings

The ultimate spread betting market and the one that always gets non-spread bettors talking is bookings. The concept of giving 10 points for each yellow card and 25 for a red revolutionised spread betting in its infancy. No one before had really taken much interest in the number of bookings in a match—now it has become a key talking point. It is a sign of how far spread betting has come that in those early days the market-makers did not even take note of who was refereeing a game, let alone how strict or lenient he might be.

As a rule, bookings, as with most markets are set high. The BBC highlighted a professional punter in a betting programme a couple of years ago who made his living just selling bookings. That is still probably the way to bet, but life is harder. Professional sellers mean that the traders have to remain ‘honest’ with the prices, at least to an extent.

However, the figures are worth considering. A typical

bookings quote will be in the mid-30s unless there is a reason for it to be significantly higher—such as a big grudge rivalry or a local derby history of bad-tempered games with a high bookings make-up. A figure in the mid-30s is more or less spot on for the average Premiership match. Significantly, half of all matches finish with just four bookings or less. And although we may remember the bloody battles with bookings galore and players sent off, in reality they are the exception rather than the rule.

The Germany–Cameroon clash in the 2002 World Cup saw 2 red cards and 14 yellow and remains a record bookings make-up of 190. But when it comes to the domestic season, only one game in 25 sees a make-up of over 80 on the bookings index and only one game in 100 sees a bookings make-up in excess of 100.

Other leagues have higher average make-ups. Italy, Germany and particularly Spain see consistently more yellow cards, and the spread quotes for those leagues take the figures into account. But beware when British teams play in Europe. A Spanish side is not necessarily ‘dirtier’ than one from the rest of the continent and they often see lower numbers of bookings in European clashes than they do in their domestic league. The suspicion must be that Spanish referees are stricter than most of their peers around Europe—a point worth noting when they take charge of high-profile European games or international matches.

The bookings index on live games also provides one of the best examples of how market-makers know how punters will react to events. You can picture the match. A bustling first 15 minutes and the bookings index has dropped a few points since the start of the match. A forward lunges in on the left-back as he clears the ball down the line, catching the defender’s trailing leg. As the defender is left for treatment, his team mates remonstrate with the referee and a yellow card is shown to the offender for his late tackle.

Statistically, the bookings index should rise by 10 for the yellow card. But watch and you will find it often goes up by 12 or 13 points. Why? Because the bookmakers know that moments after the tackle, their screens will light up and clients will be falling over themselves to buy bookings. They can mark up the quote knowing that the market will still be bought even at a 'wrong' price. For the same reason the bookings market can also see the unusual phenomenon of the quote rising even though the running make-up is not changing. If a late tackle goes unpunished and tempers are becoming heated even though the referee has not booked anyone, the quote will go up because market-makers know punters will come on wanting to buy. The fact that the referee is showing leniency in not taking action is usually wasted on viewers who assume that he will start flashing yellow and red cards in due course.

The bookings market is also where one of spread betting's most interesting academic studies has been based. Professor Leighton Vaughan Williams, Director of the Betting Research Unit at Nottingham Trent University, conducted research into two seasons of bookings make-ups and the opening quotes of the various spread firms on the market. He discovered that where one of the firms' bookings quote fell outside the average of its rivals, it created what he calls a quasi-arbitrage (or quarb). It relies on the theory that the average of the market prices as a whole is a better forecaster of the bookings make-up than a 'maverick' market-maker who is higher or lower than the average.

The system sounds complicated and is probably best shown by an example. In his book, *Betting To Win: A Professional Guide to Profitable Betting* (High Stakes, 2002) he highlights a Liverpool versus Chelsea match from March 2002 as a case where a trade was indicated by the system. When the firms' quotes first came out they looked like this:

IG Sport:	46–50
Cantor:	46–50
Spreadex:	46–50
Sporting:	50–54

Taking the mid-point of each quote and averaging them out produces what Professor Vaughan Williams calls the *golden number*. So, in this case 48 plus 48 plus 48 plus 52 comes to a total of 196, which when divided by four gives us 49. Clearly three of the quotes encompass that figure, but Sporting's is outside it. Professor Vaughan Williams says:

‘These figures can be put to practical advantage when a quote falls everywhere outside the golden number. In this example the golden figure is 49 and Sporting's quote lies everywhere outside it.

The system relies on the assumption that the market as a whole generates a better forecast of the bookings market than the outlying market-maker.’

The bare figures of the system are impressive. In 1999–2000 the strategy gave 60 bets over the course of the Premiership season. A bet of £1 on each trade would have won £973 on 36 winning bets and lost £384 on 22 losing bets (two came in at a zero make-up), giving a net profit of £589 over the season.

In 2000–2001, 80 trades came up over the season. Again for a £1 stake, the strict adherent of the strategy would have made a good profit of £386 over the year, with 50 winning bets making £836 and 28 losses costing £450 pounds.

Interestingly, spread bettors who have followed the system claim it has continued to make money on the bookings market—and is particularly profitable when it indicates a sell of bookings.

The system has its flaws. It ignores arbitrage situations (so in the above example if Sporting's quote had been 52–56 it would have produced a guaranteed profit of two points by selling with Sporting and buying with any of the other companies) not least because of the difficulty of actually being able to get a bet on at the advertised price before the gap closes. Also, if there are maverick quotes both above and below the golden number, there is no clear indication which one bettors should choose.

The limited research in other areas, such as goals and supremacy has not produced clear-cut results. What quarks do suggest, however, is that where a rogue quote exists in a market where a wide range of information is at hand (so on bookings the make-up history of the referee, the two teams and recent matches between them are easily available) it is worth backing against the maverick.

The sad truth of the industry is, however, that increasingly there is more agreement between firms rather than less. What are known as 'touch' prices (where quotes touch at a level where the gambler could buy at one price and sell at another for zero loss—e.g. bookings quotes of 46–50 with one firm and 50–54 with another) are rarer than they used to be.

The stars of the show: goal-scorers

While fixed-odds betting gives the option of backing the first or last goal-scorer in a match and not much more, the spreads allow clients to bet on individual goal-scorers in much more exotic ways. One of the most popular is a player's goal-scoring minutes—the total number of minutes that a player scores in added together. Quotes vary from single figures for defenders and midfielders to the high 20s and mid-30s for in-form strikers. This perhaps more than any other market in spread betting, is a buyers' quote. The

firms will see only one-way traffic—people wanting to back a player and, as we have discussed before, the price will be higher to reflect that direction of trading. In theory then, shrewd clients should sell player goal quotes because they are over-priced. Having seen the market traded I can vouch for the fact that for every one seller there are probably at least 20 buyers. What is interesting is that even employees of the spread betting firms rarely sell player goal minutes. The reason? The downside can be catastrophic. For instance, think back to January 2003. Arsenal are at home to West Ham. Thierry Henry is quoted in the low 30s on the goal-minute market. He scores a penalty in the 14th minute, a second in the 71st and completes his hat-trick in the 86th. Total goal minutes make-up—171. Bliss for buyers, disaster for sellers. It is one of those markets where although strictly speaking we should sell, in truth it is impossible to advise it.

If there is any value to be had in buying, it is often on lower-rated midfielders. High profile strikers, the Hasselbainks and Henrys of this world, are marked up because they are the most likely scorers. Midfielders are rated much lower and tend also to score later as games become more fragmented and teams push forward in the search of late winners and equalisers.

The basics of the market are drawn from the goal-scoring statistics of the players and the goals expectation for the individual match, but there is also a market-maker's 'feel' to the price as well. Which player does he want to be with and which is he willing to attract buyers on?

All the firms also quote a hotshots or shooting stars or netbusters market usually featuring four players, two from each side, who are regarded as among the most likely scorers in the game. The firms all award 25 points for each goal scored by a named player, except IG who award 20 points.

A player who does not start the game and does not come on later in the game as a substitute is awarded a default score of 8 (5 with IG). A typical quote will be in the high 20s or low 30s, meaning your quartet will usually have to score twice for you to make a profit. My unscientific approach has always been to shy away from buying hotshots markets on the basis that you rely on your players staying on the pitch and that seeing any other player scoring goals is too painful. However, in reality, the price is set according to their statistical likelihood to score just as much as any other goal-scoring market.

The quirkiest of the goal-scoring markets is Sporting Index's First-Last-Blast market, which awards a player 25 points for the first goal in a match and 25 points for the last goal in a match, but nothing for failing to score or any goal other than the first or last. The maximum make-up for a player is therefore 50. Again, purely unscientifically, this can be a potentially very frustrating market if, for instance, your chosen player scores a hat-trick, but neither first or last goals.

The skill in betting on goal-scoring markets is in the hard work to calculate which is the best way of supporting your chosen team or player. If as we noted earlier the average total goal minutes in a game is 132.5, and a forward's goal-minute quote is 32–35, it implies he should contribute 25 per cent of the scoring in a match (132.5 divided by the mid-point of his total goals, 33.5). Now if the firm's quote on total goals in a match is 2.8–3.1 (i.e., they expect just under three goals to be scored), it would mean our striker being marked up for about three-quarters of a goal (0.75) in the match. If that striker is in a hotshots quartet, he will contribute about 19 to the opening quote (expected to score 0.75 of a goal multiplied by 25 points equals 18.75). On a first-last-blast market he will be a few points lower since only two of the three expected goals will count to the market.

What are the quotes on offer? Working through the players,

their quotes and how they have performed through the season, will show where the best value is.

Relatively simple mathematics is needed to compare the quotes. All it needs is a little application.

All in it together: team performances and football specials

The last in-running markets to consider are the spread firms' various team performance markets. These effectively draw together most of the other markets into an overall performance quote. The scoring systems are largely similar among the firms, with a few minor twists. The table on page 97 shows the different scoring systems, but effectively the firms award points for scoring goals, gaining corners and keeping a clean sheet, with Cantor and Sporting rewarding the side that wins the game. Points are lost for bookings and, most damagingly for buyers, for red cards, which can knock 25 points off a team's performance make-up.

In an earlier chapter, we discussed how the problem with the more complex markets was that they tend to play into the hands of the spread firms because they are more likely to have the ability to compute the mathematics of the market. This certainly applies to multi-component performance markets. The other problem with markets where we have several different parts contributing to a final total is that even if a mistake has been made in one element, the chances are that any advantage to the gambler has been lost in the spread and the fact that the other components are probably correct.

Kevin Pullein says he avoids performance markets for the most part.

'Because there are so many components I believe that if you have an advantage in one part of the

quote it is unlikely that it is carried through in the rest of them. If I believe one element of the price is wrong I like to stick to betting on that market.'

For such reasons, the advice must be to be wary with performance markets.

However, one that is worth considering is IG's version of the market. This is arguably one of the most volatile markets in spread betting with make-ups ranging from 200 plus all the way down to minus 50. And with a spread range of only six or seven points, the market is good value in terms of its spread/volatility ratio.

The main reason behind the huge difference in make-ups is the element which awards one point for every minute a team keeps a clean sheet. A clean sheet means 90 points, even if a team fails to get a shot on target. But letting in a goal in the first minute usually ensures a low make-up. Bearing in mind the volatility and the potential risk, the market offers a cheap way of backing underdogs. An away team facing top of the table opposition may see a quote in the region of 14–20 (away minnows in international matches do occasionally receive quotes in minus figures). Of course, they will probably lose, but teams that pack their defence and work to stop their opponents scoring can be difficult to break down. If they keep a clean sheet for more than 30 minutes, you are in profit and the downside is relatively small.

One of the dangers of performance indices—and this also applies to the mini-performance prices on a Saturday afternoon which are marked up on every league game—is that teams are disproportionately punished for bookings and red cards. With IG, a sending-off is worth 25 points—the same as a goal—so beware teams with a poor disciplinary record.

Spread firm	Sporting	Cantor	IG	Spreadex
Win match	25	25	—	—
Draw	10	10	—	—
Lead at half-time	—	10	—	—
Goal	15	15	25	20
Last goal	—	—	—	10
Clean sheet	10	10	—	15
Corner	3	3	3	3
Hit woodwork	10	—	—	—
Each minute with a clean sheet	—	—	1	—
Yellow card	-5	-5	-10	-5
Red card	-15	-15	-25	-10
Goal conceded	—	—	-10	—

Scoring systems for the spread firms' football performance markets

The last word on football markets goes to football specials—many of which are so varied and changing so often that it is hard to keep up. The one point that should be made is that many are specifically designed to attract buyers, particularly on a Saturday afternoon. IG are masters of coming up with multiple markets which offer the promise of huge gains, but which in reality rarely come to fruition. Their goals-galore market awards points for any league team that scores four, five, six or more goals on a Saturday afternoon. With 100 points on offer for teams that score more than six and an opening quote in the 30s or 40s, IG are always looking for buyers.

Similarly, their multi-homes market, which multiplies together the number of goals scored by named teams or in named matches looks a potential bonanza. However, with the market making up at zero in two out of every five weeks, the

percentage call is to sell. Author and gambler Geoff Harvey has targeted this market.

‘The multi-homes market and similar headline weekend markets are nearly always sells, but the firms mainly see buyers. I believe the multi-homes comes in about 25 per cent under its opening quote over a season. You might take two or three big losses on the way, but selling consistently would make money.’

As always, if you are thinking of buying, think twice.

Research tips

www.soccerbase.com: One of the main sites used by the spread market-makers themselves, providing full statistical analysis of English and Scottish leagues, including a spread betting stats link providing averages for home and away teams and the referee.

www.opta.co.uk: The premier statistical service offering information on all the main European leagues. Breaks down individual players performances, with details on tackling, passing and discipline. Interestingly, highlights fouls-per-bookings rate of referees. Their annual Opta yearbook is also well worth the investment at the start of the season.

www.uefa.com: Analysis and team reports for the UEFA Cup and Champions League.

Aficionados of European football will find a host of websites devoted to most divisions. The best of these include www.soccer-spain.com, www.spanish-soccer.com and www.marca.com for La Liga in Spain; www.kicker.de and www.germansoccer.net for the German Bundesliga and www.italian-soccer.com for Serie A.

Chapter Nine

Over the Season— Long-term Football

At the start of any season the slate is cleared and every football fan dreams that this could be the year for their team. The championship, promotion, a good cup run, the double over local rivals: it is all possible, whatever level of the football league your team might be in.

The start of the football season also sees gamblers pick their doubles, trebles and bigger multiples of league winners in a bid to celebrate the following May with a monster pay-out. Very few succeed and Ladbrokes and William Hill welcome them with open arms.

In contrast, the start of a football season opens up a much wider cupboard of long-term delights for the spread bettor. And while fixed-odds betting offers poor prices and little chance of winning, the spreads have a much better hit rate.

This is down to two main reasons. The first is blindingly obvious. The first long-term football markets come out in late July or early August. This gives football fans a month to evaluate the form and consider their options. Prices on a live TV match during the season come out 48 hours before a match at most. Just the chance to deliberate more and do that extra research can make the world of difference. It means there is less spur-of-the-moment trading minutes before kick-off and more educated thought instead. As always the less emotional and on impulse a trade is, the more likely it is to be a winner. The fact that the size of the bet is likely to be bigger since it is spread over a season also tends to concentrate the mind.

The second is that the nature of the long-term spreads with

prices updated after every game gives clients more chance to decide when and if to close a bet rather than making an instant judgement during a live game.

Industry experts hesitate to use the phrase ‘loss leader’—indeed the firms will still make money from their long-term football positions—but they tend to be far less profitable than day-to-day trading.

One senior football trader at IG described the difficulty for the firms of long-term markets.

‘Football clients have their best chance on the long-term markets because they can think more. The chances are also that at some point the quote will turn in their favour. They might not always get out at the right time, but they will have the chance. And the honest truth is that traders get bored with long-term markets and perhaps don’t always pay as much attention to them as they should.’

The two most popular long-term football markets are the total points quotes for the individual teams and the championship index for the different divisions.

The joy of spreads and particularly markets such as total points quotes is that the gambler does not have to get it exactly right. If you like the look of a team and buy their season points, they do not have to win the league for you to make money. They may only have to come mid-table.

If you think a team will do badly, again, they do not have to be relegation candidates for you to see a handsome profit.

The only requirement is that the team you bet on do better or worse than the spread firms expect.

Working out quotes for season points is perhaps best considered by breaking down a team’s performance into points per game—how many they have already earned in a season and

how many they need to earn to reach a quote. In broad terms, a point a game is relegation form; two points a game or more and you are looking at championship material.

It is not rocket science to realise that one of the keys for all season points quotes is a team's performance the previous year. In particular, decent form in the second half of the season can suggest a team which is starting to get its act together and is ready to put in a push for a promotion place the following season.

Spotting teams who might struggle can be easier than those who will outperform. Teams that are in financial trouble and are unable to bring in new blood, or have seen internal strife with rows between players and their manager are always going to struggle.

As with any market, the answer is to find value. The stock market adage of 'sell high, buy low' may not always work—a team who are only expected to accumulate 40 points in a season may in fact be lucky to do even that well—but there are worse starting points. What is definite is that some teams are consistently priced too high and some consistently too low. And a lot of that is down to public expectation for big-name teams and media hype.

In 2002, Leeds United's problems had been clear for everyone to see. Lee Bowyer and Jonathan Woodgate's trial for allegedly attacking an Asian man in a street brawl had cast a shadow over the club. Bowyer had asked for a transfer and several players were rumoured to be discontented with manager David O'Leary. The failure of the team to qualify for the Champions League and the TV money it brings meant massive debt for the club and huge pressure to sell their best players. England centre back Rio Ferdinand was the first to leave in a multi-million pound deal with Manchester United. Over the season, others followed: Robbie Keane went to Tottenham, Olivier Dacourt to Italy, Bowyer himself to West

Ham and Woodgate to Newcastle. David O'Leary was fired and replaced by former England manager Terry Venables—but with no promise to have the resources to buy players. Venables himself was fired before the end of the season.

Even so, pundits and punters could not get out of their minds this was a team that had made the semi-finals of the Champions League only two years earlier and which had impressed so much with their vibrant attacking style. The fact that half the team had left and the other half were disillusioned seemed to be conveniently ignored. Leeds's season points quote at the start of the season was in the mid- to high 60s with all the firms—clearly too high as the team struggled to beat even mediocre opponents. The team never convinced throughout the season and after a mid-season flirt with the relegation zone were never better than mid-table and sellers were able to secure more than a 15-point profit.

As in individual games, Arsenal, Manchester United and Liverpool can be over-priced. Even if one of those teams struggles in the first part of the season, although its price will drop it may not necessarily be fully reflected in the new quote. The 'they will bounce back, you watch' mentality holds sway with gamblers and bookmakers and it frequently offers opportunities to sell against them. Again, looking at the average points per match requirement is often telling. If a big-name team is struggling, but its season points quote is still high, work out what they need to gain in their remaining matches. If it is above two points a match—in other words championship form—look to get low of them.

At the same time, some teams are regularly under-valued at the start of the season. Southampton in 2002–2003 were expected to be also-rans. Their opening quote of around 46–47.5 suggested they would have a mid-table position and no better. But an unbeaten run at home that only ended in January propelled them into the top five of the Premiership. The pundits will always claim that teams like Southampton can

never maintain a good run throughout the season. Their squad is too small; they will not have the bottle and experience when it comes to crunch games; the bubble will burst. Often they are right and the team will drop away from the very top but, for spread bettors, it does not matter. We only care about the points that a team gains—not their final placing in the league.

Some of the best long-term betting opportunities can lie further down the football league. First division points are quoted by all the firms as increasingly are second division points. If you have a strong feeling for a team further down the football league pyramid, the firms will be happy to oblige with a quote, even if they have not priced up the division for the general public. They are happy to have the business and it only takes a phone call to ask.

In general terms, it would seem fair comment that the general standard of play below the Premiership is rather mediocre. The first division has not been strong for several years—witness how teams promoted to the Premiership slip back down the next season. Hence, it only takes a reasonable side with a little momentum to prosper and that may explain the very good record in the First Division of teams promoted from the Second. One of my most successful bets was buying Millwall points in 2001–2002 on the back of their promotion from the Second Division under the guidance of manager Mark McGee. Their offer of 60–62 points was snapped up as Millwall made a push for the play-offs. Despite not having the best team in the division, shrewd management was the key to a total of 77 points.

As always, the lower the profile, the more chance there is to have an edge over the bookmakers. The advantage here of long-term trading can be significant. If there is a live lower division game on television that is being traded in running, the market-makers have their chance to do their research and analyse the teams. When they are offering several long-term markets on 75 or more teams, it is impossible for them to keep up with every

development at every club. If a client follows a second division team and watches them regularly, they are almost certain to have more knowledge about the whole division than a typical market-maker who barely sees a live game. The supporter will know who they rate, the best players, who are the better teams in the division and those who are over-valued. The only question is whether he can put that knowledge into profitable practice by translating it to the spreads.

Long-term trading highlights the fact that the spread firms have to offer all the prices, all of the time. We only need to pick the one we think is wrong.

The Championship index provides a more conventional means of backing or supporting a team and one that we can more easily relate to fixed-odds betting. For the main contenders in the Championship, it is simply a case of the mathematics of whether we are getting better odds backing Arsenal on a 60–40–30–20–10 index or on the fixed-odds. Where more thought is needed is further down the index and the value bets can often come from mid-table teams who perform better or worse than expected.

We have already argued that the standard of play further down the football league is average and while the same teams have a stranglehold on the Premiership, the same cannot be said of lower league football. One of the most profitable ploys can be to buy the field in lower league championship indices. Every season an underdog seems certain to come out of the field and lay down a decent challenge and it offers one of the most fun and profitable ways of taking on the favourites in a league, with maybe half a division playing for you.

Increasingly popular are the relegation indices, particularly in the second half of the season. IG's Premiership Big Drop Index awards 50 points for any team that stays up, 25 for the team third from bottom, 10 for second to bottom and 0 to the last-placed club.

Championship and relegation indices tend to be more volatile than points markets, with results potentially seeing a bigger change in fortunes. It does of course also mean your team's quote is affected by how other teams perform around them in the table, unlike season points markets.

Long-term indices are also available on the Champions League and UEFA Cup, and usually quotes have a degree of 'appearance over substance' to them. So expect the glamour sides and teams from the dominant Spanish and Italian leagues (although strangely enough, considering their superb record, not the German league) to command inflated prices. Home support distorts the market on both fixed-odds and spreads so English teams also trade at a premium.

Match bets between teams are offered by all the firms in some form over the course of the domestic season. This is often along the lines of 10 points for whichever team comes highest in the league and 3 points for every league point they are above their rivals. Suffice to say it is an uncomplicated way to oppose a team you believe is in for a difficult season, even if they are matched up against a team that will not set the world alight.

The other popular major long-term markets involve the various Premiership goal-scoring markets. These range from Sporting's Golden Boot market, with a group of big-name strikers to IG's Dynamic Duo market which features goal-scoring partnerships for half a dozen or more of the top teams. These markets move very much in line with the goals the players score rather than what might happen in the future and they offer opportunities to clued-up punters. The fact that team rotations mean players are almost certain not to start every league game, the pressures to concentrate on big money European ties rather than the week-in, week-out domestic games, and certain players' tendency to succumb to injury at least once a season, allows plenty of possibilities.

Michael Owen is a great striker, but he is so injury prone that it would be a brave man to buy his quote on a scoring market, particularly when he is an annual favourite. The fact that Liverpool have a squad of strikers that they interchange also makes him less appealing.

Some players are always more likely to be at risk of transferring away than others. While Thierry Henry remains Arsenal's jewel in the crown and has pledged to finish his career at Highbury, the fear is always that the Mark Vidukas and Jimmy Floyd Hasselbainks of this world are only a game away from a transfer request.

Opportunities regularly come up throughout the season to back or sell players whose quote fails to fully take into account how their teams might utilise their prized players. A team whose best chance to win a trophy come February and March is in the FA Cup or the European Cup may rest star players for league matches. However, teams already knocked out of the cup competitions, but still in the chase for a high Premiership position (and a place in one of the following season's European tournaments) are much more likely to play all their best players in league games.

Chapter Ten

The Ups and Downs of Cricket

Spread betting on cricket can test the nerves like no other sport. The volatility of many of the markets make it an occupation only for the very bravest of punters; and the bottom line for anyone investing in cricket spreads is to be cautious and very aware of what your liabilities could be if everything goes wrong.

A buy of a team's runs in the first innings of a Test match can turn to disaster in minutes with the loss of a couple of quick wickets. Make-ups hundreds of points away from the original quote are not uncommon and it cannot be emphasised enough that stakes need to be tempered.

Many of spread betting's most infamous stories have come from the cricketing arena. Sporting Index's nightmare in the 1999 cricket World Cup has been touched on earlier, but the details are worth remembering, if only to remind us that traders are human and do make mistakes. When the firm set a market for the total number of wides over the whole tournament, their quote was 250–270. By the following morning a flood of punters egged on by the *Racing Post* had forced the price up and buyers were paying 515 before a ball was bowled. Still buyers came on to the phones. When the first match was played it was clear Sporting had grossly underestimated the market. The new white ball, seaming pitches and poor bowling from the weaker teams meant the wides rocketed. The eventual make-up was 979 and Sporting had lost hundreds of thousands of pounds. The only plus side was the publicity.

When Brian Lara came to bat against England during the 1994 Antigua Test, the West Indies were struggling at 12-2 on what looked to be an untrustworthy pitch. Two days later with 375 runs on the board, spread betting fans were either in clover

or despair. For the spread firms the result was financial agony. Every run was costing the spread firms somewhere in excess of £1,000—not only because of clients who had bought Lara's runs as he walked in to bat, but because of the collective position on Lara's series runs and West Indian innings runs.

Whether your poison is Test or county cricket, long-term markets or one-day performance indices, the spreads offer a world of choice that put fixed-odds makers to shame. The range of speciality spread firms probably outnumber any other sport for the big matches and Test series and they attract some of spread betting's biggest, and sometimes most successful, punters.

Domestic cricket

The main interest in county cricket betting centres around the televised one-day games where all the firms offer an in-running supremacy index. This awards one point for every run or ten points for every wicket that a team wins by. If the team you are backing are batting first, then your hope is that they knock up a decent total and can bowl out their opponents cheaply. If you are backing the team batting second, you need them to chase a target successfully, losing the fewest possible wickets. Statistically, over time, teams are just as likely to win batting second as they are batting first. However, the winning margin is likely to be much larger when the team batting first are victorious. First, the most a team batting second can win by is ten wickets (or 100 points in the index). Realistically, how often do you see a team win by 10 wickets? A handful of times a season at most. If a team wins by, say, six wickets, most commentators would say it was a convincing win—but still only a 60 make-up. In contrast, a team batting first who run up a big score of 300 plus are much more likely to win by 100 to 150 runs. Almost every week of the season I would suggest a team wins by 100 runs or more.

The difference reflects the change in the modern game, with

faster scoring rates and more aggressive batting. While in the early 1990s a team would have been delighted to score 60 in the first 15 overs of a one-day innings, now they are looking for 80 or 90 runs. And bigger scores mean more pressure on the team batting second and the need to take more risks to keep up with the required run rate.

Of course, the spread firms are well aware of these facts. If a team chooses to bat first on a good wicket and makes a decent start, expect their supremacy quote to reflect the advantage they have. However, I would suggest there is still a great potential for punters to do well backing teams that bat first.

In a previous chapter we discussed how spotting a base change in the way a sporting event works out was a key to making a profit. One interesting example occurred in the summer of 2001 when Sky started televising floodlit day–night cricket matches. The advantage in these games of batting first was decisive. While one team had normal conditions, their opponents faced a twilight period with both natural and artificial light, poor general floodlighting and excessive seam movement from the bowlers. The result was massive make-ups with teams batting first winning some 80 per cent of day–night games. The spread firms cottoned on quickly and moved their quotes in favour of the team batting first the moment the toss was known. However, throughout the season the market-makers consistently underestimated the extent of the advantage it gave.

As always such advantages and the systems that can be drawn from them tend to have a short lifespan. In summer 2002, whether because of better floodlighting or simply because batsmen had become more accustomed to the conditions, the tables had been turned. Run chasing appeared easier under the lights—although the spreads still heavily favoured the team batting first. Suddenly those who picked up on the trend could back a team batting second and apparently at no serious disadvantage, but with a 30-plus run start. It remains to be seen

how day-night matches turn out in seasons to come, but it is an area worth a second look.

Richard Johnson, cricket market-maker for IG, believes it will remain a factor.

‘Teams that bat first probably win 60 per cent of day-night matches wherever they are being played across the world, but the conditions are certainly harder in England because of the temporary lighting and dew on the pitch. It makes games very hard to price up—we are guessing until we know who has won the toss.’

The day-night phenomenon highlights an extreme example of how important winning the toss can be in English cricket. The nature of the wicket and how easily runs can be scored can, if not determine the outcome of a game, certainly play a substantial role. The intelligent punter needs to research weather conditions, the history of a certain pitch, how the home team has done in similar matches in similar conditions earlier in the season, to give himself the edge.

Such information can also help in-running betting. Batsmen on a consistently slow pitch who battle their way to 240 in 50 overs when the spreads suggested they should have hit 270 or more may not have performed as poorly as it at first seems. While the spread quote may have moved against them, they may in fact have played reasonably well and set a testing target. Now may be the time to get involved.

County championship cricket betting is limited for the most part to a league index that is updated after every round of matches and a win index on individual non-televised games. The only comment must be that apart from Surrey, who have dominated domestic cricket in recent years, county cricket is alarmingly inconsistent. Yorkshire, for instance, won the

County Championship in 2001 yet were relegated from the top division the following season after a series of catastrophic performances. As the old adage goes, any team can beat another on its day and it could have been made for county cricket.

International cricket

Betting on international sport should have the advantage that teams are nearly always playing their hardest and making a genuine effort. But after a series of betting scandals and allegations of matches being thrown, international cricket may be the exception to the rule. Three of the major Test-playing nations—South Africa, India and Pakistan—have faced inquiries into claims of match fixing and for the punter the cloud remains over whether the result of matches they are betting on has been determined before a ball has been bowled. In reality, it is impossible to know how deep the match-fixing scandal goes—but all spread bettors need to be aware of the possibilities when they put their money down.

Having said that, some of spread betting's biggest winners concentrate on international cricket for their profits.

Any discussion of international cricket has to revolve around the absolute dominance of the Australians in all forms of the game. Are they the greatest team ever? It's a question for the pundits, but it would be fair to say that no team in any other sphere dominates their sport in the way Steve Waugh and his men have done since the early 1990s. In most sports, market-makers are happy for spread bettors to buy the favourites because they are buying at a poor price. In cricket, Australia perform at such a level above the rest of the world that they remain the one team who can put fear into the industry.

One cricket market-maker described the problem as unique.

'Setting prices with Australia is a case of making a quote where you can deter some of the buyers.'

One-way action where everyone just piles into Australia is not good for business—we need two-way action and it is very hard to attract sellers. Their quote for first innings runs is often in the mid-400s. A big total before buyers make a profit—and people will still want to be with them at that level.’

At first glance, the markets available for Test matches can be overwhelming: first innings runs supremacy, the collected runs of batsmen numbers 8, 9, 10 and 11, the aggregate batting order numbers of batsmen out for a duck (also known as the crispy duck market).

As with most spread quotes, statistics lie at the heart of the business. But armed with a copy of *Wisden* or one of the excellent cricket websites, such as cricinfo.com or the cricket section of the Channel Four website, the numbers are available for all serious gamblers who are willing to do their homework. Websites are a powerful weapon at our disposal—particularly when they can filter statistics from specific situations. So, for instance, a player’s average on a certain ground against certain opponents is at everyone’s fingertips in a way it never has been before.

Series markets such as player runs and wickets or a performance index for an all-rounder for the number of wickets, runs and catches he makes, are based on Test averages. For a series the numbers are slightly rounded down to account for the possibility of injury or being dropped. Realistically, if a player is in reasonable form and scoring near his average, the numbers should always be a buy. The style of the modern game increasingly plays into buyers’ hands. Run rates in Test matches are regularly over three and a half an over, and games are played aggressively with getting a result in mind rather than letting it peter out into a draw. Players usually have to play a minimum

number of games in a series for their long-term bets to count, otherwise they are void (so in a five-match series, players may have to play in three of the matches).

However, always be aware of specific situations. Certain bowlers sometimes find they have a batsman's number and know how to get him out cheaply. A good example would be Glenn McGrath's knack of repeatedly dismissing Mike Atherton. Certain batsmen struggle against particular types of bowling or on particular pitches on foreign tours. England opener Marcus Trescothick, for instance, has a Test average of 43, but only 32 against Australia. Some players are also more likely than others to get two innings in a match. A middle order batsman in a good team is much less likely to get two bats in a game than the opener for an average side. Again if we are talking about Australia, who win regularly by an innings, then none of the team are guaranteed to bat twice.

Markets such as highest partnership or ton-ups (the number of runs scored above 100, so a player hitting 125 scores 25 on the ton-ups market) are again based on long-term averages while series wides and extras are purely statistical.

Where possible, unless there is a reason to take a strong opinion on a particular match in a series, long-term trades can offer the better option. One of Sporting Index's most knowledgeable and successful cricket clients concentrates solely on long-term positions. During England's 2002–2003 winter tour of Australia, he was a big buyer of a string of Australian batsmen's runs and took the firm to the tune of several hundred thousand pounds. Matthew Hayden, Ricky Ponting, Damien Martyn and more unusually Shane Warne all made up above their opening quote by large margins. Other interests the respected client took included buying series runs—again a winner.

The advantage of long-term positions is partly that they allow more time for consideration and research and are not instant

decisions as events are unfolding on screen. But the reality is that they can also offer better value.

An example is a player's runs. In the 2002 Ashes series, England opener Michael Vaughan's series runs were initially quoted at 300–320. Another way of looking at this is to say that the firms expected him to score just over 60 runs a game in the five-match series. As England's best batsman and only world-class player, clients wanted to buy and rightly so as he finished the series with 633 runs. Yet in the individual Test matches he was quoted in the region of 70–77 runs over the two innings. In effect the punter was forced to pay the equivalent of a 10-run premium to back Vaughan in the individual Tests. Of course that is mainly due to the risk of injury taking your player out of the series, but it remains a significant premium for a player in good form.

Betting longer term also reduces the element of chance. Any batsman can be out to a freak ball for a duck (or conversely hit a streaky good knock), but the longer the timespan of the bet, the more likely a true result will emerge.

The first innings runs supremacy over a series (the Mind the Gap market with Cantor or Trade Deficit market with Sporting) is one of the most popular long-term markets and offers the advantage that it is a genuine test of a team's abilities. First innings are unlikely to be cut short by declarations or weather problems, it takes away the volatility of one or two players performing badly since you are looking at a team score and the teams will be performing on what should be the best pitch conditions. The market itself can be volatile so stakes need to be limited.

The in-running options for Test matches revolve around an updated 25–10 win/draw index and the runs of a team and individual batsmen as they come to the crease.

Innings runs pose a difficult problem for market-makers.

History and statistics can give a clue as to what a good score might be on a particular ground, but the pitch can change from game to game, let alone season to season. While traders can make an educated guess at the affect of weather conditions, the real impact only becomes apparent once play starts. Television pitch reports are watched religiously as Ian Botham or Geoff Boycott dig their car key into the turf, but it is not until the first few overs have been bowled that the trader will discover if his quote was right or not.

Richard Griffiths, market-maker at Spreadex, says it remains among the most difficult markets to price up.

‘It is very much a feel price and the variation in quotes between the firms can be big. I was pricing up a game last year where there was a difference in quotes for first innings runs of more than 70 runs. That is unusual, but not unheard of. What we want is a price where we see buyers and sellers and the quote will change to reflect that.’

Where market-makers are to an extent needing to guess at a quote, the client always has more of an opportunity. The downside about innings runs is that although they can be very volatile, the 20-run spread is large enough.

One system worth considering is selling a team’s runs after they have made a good start—especially when market-makers and clients are looking to buy. David Garbacz, a senior market-maker for Sporting Index and then Cantor before joining Victor Chandler, highlighted the ploy in an interview with *Sports Advisor* magazine:

‘In cricket, I’ll try to sell total runs if a team reaches 30 without loss in a Test match. Let’s say they’ve been offered at 320–340 at start of play. All it takes

is a steady start for the market-makers to panic, because they know clients are desperate to buy. So, up goes the spread to 370–390 when it should actually have risen by 10–15.’

Individual batsmen’s runs are marked up slightly above their average score on the basis that although there is a limited downside to the bet, the upside always has the chance to make up well above 100, particularly in the Test arena. Strictly speaking, most batsmen’s run quotes when they come to the crease should be sells—the question is whether you are willing to accept the potential downside if they hit a century.

As always, homework is the key to knowing which batsmen are in form and likely to play well on a ground and which may struggle. Players who manage to make big scores when they are playing abroad are ones to keep on your side. Other players can sometimes flatter to deceive. Sachin Tendulkar is a wonderful stroke player, but how many times has he made big scores when it has really mattered in clutch situations, especially outside the Indian sub-continent? Not as often as you would think for one of the all-time greats.

A further quirk to be aware of is that a batsman’s runs quotes will go down during an innings as his team loses wickets. This applies after the fifth wicket goes down as an established batsman can be left stranded and without batting partners as the tailenders fall.

One trading ploy I have found to be profitable is to look to sell a team’s runs when they make a bad start. This applies to situations where maybe because of a difficult pitch a team is struggling. The opening quote for runs has proved to be too high and has been lowered accordingly, but crucially often not far enough. The theory here is that if there are difficult conditions and the top order batsmen are finding it difficult, how much more so will tailenders? Also the bowling side is likely to be in good spirits and aggressive

when they sense they are on top. It is one of the reasons why batting sides can collapse and is often not fully reflected in spread runs quotes.

International one-day games provide similar markets to the domestic one-day markets. The obvious difference is that the standard is much higher. Predictably, playing at home is also a big advantage, particularly as the trend is for one-day series to be tagged on to the end of Test series when the away team may be running out of stamina and endurance at the end of a long overseas trip. Different pitches also favour different teams. For instance, Indian sub-continent teams habitually struggle on the hard bouncy pitches of Australia and South Africa, but revel in the dusty spinning pitches at home. In day–night matches, the team that wins the toss nearly always elects to bat. There are, however, occasions when they do not and it is important to be aware of them, particularly if you are considering betting before the toss. Traditionally, strong teams are more likely to bat second against minnows than bat first. This is because if they win the toss they may bowl first because they want to get the opposition out quickly and have a shorter game. Minnows will nearly always bat first if they win the toss unless there is a big advantage to bowling. Their thinking is that they do not want to spend 50 overs being slogged all around the ground. They would rather have their effort batting and then try to take a few wickets to keep their dignity.

On other occasions, teams have more subtle reasons for their decisions. When Australia toured South Africa in winter 2001–2002, Australia chose to bat second in a series of day–night games despite winning the toss. Part of their thinking was that the 2003 World Cup was going to be played in South Africa and it offered the chance to prepare for the most difficult conditions.

Team	Win per cent	Wins	Draws/ Ties	Lost	Played
Australia	63.82	157	7	82	246
South Africa	63.71	165	9	85	259
Pakistan	56.39	172	9	124	305
Sri Lanka	52.55	144	12	118	274
India	48.71	151	18	141	310
West Indies	47.49	104	11	104	219
England	43.75	70	4	86	160
New Zealand	37.55	86	15	128	229
Canada	33.33	1	0	2	3
Zimbabwe	29.21	59	9	134	202

The most successful international one-day sides between 1993 and 2003

Source: Channel4.com

Research tips

www.cricinfo.com: News and information site with comprehensive Test match and one-day international records, player history and ground records. Cross-referencing facility allows detailed averages and scorecards. Live scoring facility constantly updated.

www.channel4.com/sport/cricket: Similar to cricinfo, but with an excellent search engine which allows users to isolate individual and team performances against specific opponents and at specific venues. Also works out average scores. Even allows users to differentiate one-day games played at daytime or day-night. Scorecards available over any time period. One of the most useful websites on the internet for spread bettors and the one used by the cricket market-makers.

www.cricketbase.com: Another comprehensive news and statistics website.

Wisden Cricket Annual: Perhaps more for the cricket fan than the gambler, but full of interesting and sometimes very useful detailed statistics.

Chapter Eleven

Rugby and its Rival Codes

After football and racing, the two rugby codes provide a significant slice of all the spread firms' business. An England international at Twickenham or a big Super League clash on Sky will see the phones ringing off the hooks in the offices. In many ways, both rugby league and rugby union lend themselves ideally to spread betting. Points are scored regularly, matches have the potential to be volatile with big make-ups and swings in fortune for the two teams and both codes are widely accessible on television.

Both sports also allow for the knowledgeable punter to make a profit in the long term.

Certain rules apply to both sports. As in any game where possession and ball-retention are so vital, weather conditions can play a crucial role. High winds and wet weather mean the ball is slippery and hard to handle and field-sweeping passing moves difficult to execute. Spread firms place such importance on the weather that traders will even ring groundsmen to check on conditions. The effect is that total points quotes can move—and from them follow supremacy and a host of other markets.

Most teams also have a tendency to be stronger in either the backs or the forwards and again their ability to cope with the conditions should be borne in mind. Wet weather favours a strong forward battle; drier, faster conditions may well help the quicker backs. The rule of thumb has to be that in good conditions there may be a high scoring match. In wet conditions there almost certainly will not be.

In both sports the tendency of punters is as always to buy, whether it is a favourite's supremacy, shirt numbers or try minutes. And as always the figures are skewed upwards to account for that.

One pitfall many rugby spread bettors must be aware of is judging the context of the game. The intense physical nature of the game and the length of the rugby season mean even when the game is competitive it may not mean as much to one side as another. Gamblers who wade in and buy Leicester supremacy on the basis that they are the best team in the Zurich Premiership may not be aware of the team's habit of doing 'just enough' to win.

Teams that are forced either through cup commitments or postponements to play two games in a week very rarely manage to win both and certainly not by much. Certainly expect to see a healthy contingent of reserves play in such games. Also make a note of the teams that buck the rule and win in such circumstances because they are sides to be reckoned with and ones to have on your side.

In other situations be aware of a team's upcoming games. In 2002, St Helens were scheduled to play at the Bradford Bulls in a league match, just a week before the two teams were to meet again in the Challenge Cup Final. Despite what would normally be a crunch league encounter, the Saints put out a weakened team, claiming injuries had decimated their line-out. Neither the Bulls nor the league were impressed. Bradford won the league match by a landslide and the league's bosses fined the Saints. A week later, many of the star names were back for St Helens in the Cup Final.

Individual players can have a significant impact on match quotes. A real star of the team in either code can make several points difference on supremacy quotes depending on whether he plays or not. In rugby union particularly it is worth remembering that international call-ups can leave club sides without up to half a dozen of their regular names for a league match the same weekend.

If you can visualise how the match may be played rather than just who might win, the average spread bettor gives himself

a distinct advantage over his fellow gamblers. If you can also take into account other factors which the market-makers have overlooked, you may have a significant edge.

Gavin Pugh traded rugby union at Sporting before moving to become head of sport at Spreadex. Although he now trades shares on the financial desk at Spreadex, he still makes money betting on his first love. He says:

‘I still believe there is value in selling and I am a keen seller of points and shirts in rugby matches. You may not be able to make money spread betting selling everything as you once could, but there is still a premium to pay for some markets.

I keep my own spreadsheets on games as the season progresses. I try to work out my own quote before I look at the spread firms’ quotes. If there is a difference and I think that I am right, then I’ll play.’

One area where Pugh keeps careful notes is the ratio of points a team scores (and to a lesser extent concedes) through tries and kicks. So teams may rely on possession rugby and then building up points by forcing penalties and leaving them to a reliable goal-kicker. Others are more dynamic and look to run penalties near the opposition try line because they are confident they can score. Such details are important when looking for value trades in the try scorer shirt market (the accumulated numbers of the try scorers’ shirts) or hotshot or hotheads markets. The latter are offered by all the firms and, like hotshots in football, offer 25 points per try scored by one of a quartet of players (20 points with IG), with 8 for a named player who does not take the field. Knowing who scores a team’s tries, the style of play they favour and the strengths and weaknesses of the opposition is the only way of playing the market successfully.

Rugby Union

BBC rugby correspondent Ian Robertson became a spread betting fan in 1995 during the rugby World Cup—and plenty of people knew about it because he was commentating on the match that saw his biggest betting coup.

When Sporting Index were pricing up the New Zealand versus Japan group game, they knew it was a mis-match. What they did not realise was how much of a mis-match it would turn out to be. Ian remembers the moment with some fondness—and still dines out on the story.

‘I was in a hotel when I came out of the lift and someone said to me “have you seen the spread on the New Zealand–Japan game?” It was 40–45. I thought the New Zealanders would win by 80 to 90 points. You’ve never seen me move so quickly. I was on to Sporting straight away and buying for what remains my biggest ever bet.’

Ian’s reasoning for the bet again highlights the need to put matches into context.

‘Although New Zealand had already qualified from the group and were playing several reserves I knew they were still far ahead of the Japanese. I also knew they would be trying because for some it would be the last game they got in the World Cup and this was a last chance to prove themselves to the management. New Zealand were leading I think 57–0 at half-time and I never looked back.’

Ian also shows one of the vital traits we all need to show—discipline in knowing when not to have a bet.

‘With the exception of the occasional fun flutter on horses, I only ever bet on what I know about...rugby. I always try to get value. I take an opinion on what I think will happen. If that is matched by the spread quotes I simply don’t bet on the game. I also try to keep it simple by mainly betting on total points and supremacy.’

And the two most important things to remember on rugby betting?

‘On rugby in this country, you just have to look at the weather conditions because it can make such a difference. And you have to check that both teams are “trying” as much as they might. It is not unknown for almost the whole team to be dropped in some circumstances. You can be in effect betting on a totally different team to the one you were expecting. That is one of the advantages of international matches. You can be fairly confident that both teams will be up for the game.’

Rugby League

Sky’s televised coverage of two Super League matches a week, as well as games from Australia, has transformed rugby league from a predominantly northern winter game into a national interest. But not only is the game more accessible to most of the country, but the very nature of rugby league has changed. Where once it was played in mud baths on cold winter days by dour rugged forwards, rugby league has been transformed into a fast summer game with skill and speed and genuine stars. In Britain, the game has become dominated in recent years by three teams—St Helens, Wigan and Bradford and in all honesty there is little sign of their stranglehold on the league and cups

weakening. However, the spread firms are well aware of their strengths and finding value backing the three is tough.

In an earlier chapter I highlighted the system of researching the spread firms' traders and their results and backing the man who consistently wins. In my own experience—and it is a view shared by traders and punters I have spoken to—rugby league and to a lesser extent rugby union provide the ideal example.

Alastair Hunter, trading director of Sporting Index, is recognised as arguably the best market-maker in the business. He also sets the market for Sporting for both rugby codes and, with the greatest respect to his rivals at the other firms, be very wary when Sporting are significantly out of line with their competitors. The odds are that they have seen a trend or heard some news that others have overlooked and they are willing to stand by their judgement and trade the price aggressively. Games to be particularly on the lookout for where Sporting may have a trick up their sleeve are match ups between the less fashionable sides and games from Down Under. As is often the case, everyone knows about the high profile teams. Where Sporting seem to have found an advantage—and analysis of results over a period of years confirms it does definitely exist—is in the lower profile games where information is harder to come by.

Of course, even the best are not infallible, but as a general rule it is worth being on Sporting's side when it comes to rugby.

Some of the main form trends differ between the two codes. While generally speaking any domestic team on its day can beat another in rugby union, the same does not apply with league. The top four teams in recent years in Super League have consistently been Bradford, St Helens, Wigan and Leeds and their domination shows little sign of weakening. They attract the best players, they have the largest crowds, they have the most money and they are on television frequently. The following table illustrates the point graphically.

Year	1997	1998	1999	2000	2001	2002
Challenge						
Cup	St Helens	Sheffield	Leeds	Bradford	St Helens	Wigan
Champions	Bradford	Wigan	Bradford	Wigan	Bradford	St Helens
Second	London	Leeds	St Helens	St Helens	Wigan	Bradford
Third	St Helens	Halifax	Leeds	Bradford	Hull	Wigan
Fourth	Wigan	St Helens	Wigan	Leeds	St Helens	Leeds
Fifth	Leeds	Bradford	Castleford	Castleford	Leeds	Hull

How the top four teams totally dominate Super League

Meanwhile, many of the other teams simply struggle to survive, day in, day out.

When one of the big four lose to a Salford or a Wakefield, it is a rare event and it explains why they are often favourites on supremacy markets by 20 points plus.

The games themselves also vary in style. As a trend, while teams in rugby union can overcome bad starts and recover from being a couple of tries behind, statistics suggest that rugby league teams struggle to do the same. If a team gets the upper hand, it tends to keep it and blow-out wins by large scores, particularly at home, are not uncommon.

Research tips

Rugby league

www.superleague.co.uk: The official Super League website provides the most up to date injury, transfer and fixture news and provides links to all Super League team websites.

www.opta.co.uk: Opta, whose statistical information on football is exceptional, have launched a rugby league service for 2003.

Rugby Leaguer and *League Express*: The fullest match reports available in weekly magazines. Also worth checking the publications website www.totalrugbyleague.com for match previews and news.

Rugby union

www.zurichrugby.co.uk: Basic league website including match news and information.

www.opta.co.uk: As with rugby league, Opta have launched a full rugby union statistics service in 2003.

Chapter Twelve

The Mind Games of Golf

Even speaking as a casual player and fan of the sport, there is no getting away from the fact that golf really is a funny old game. In an average tournament, a player takes maybe 280 shots over four days, with maybe a third of them being from no further away from the hole than 25 feet. The sporting physical activity—apart from walking—lasts maybe 20 minutes. Every player who starts a tournament is a scratch golfer who can drive the ball 280 yards plus, chip to within five feet of a hole and putt with deadly accuracy. Yet in every tournament, dozens of players start at 80-1, 100-1 or more.

What's the difference between those at the top and the also-rans? The simple answer is, it is all in the mind. The best players have the mental concentration and toughness to compete through to the end of a tournament. This means they have to be disciplined on the tee and find fairways, to keep their nerve on the green with tricky short putts and withstand the pressure over the last nine holes of a competition when they are in contention.

All the best sportsmen and teams have that certain something, a winning attitude. In golf it is everything and the gambler who can get behind the mindset of the golfer is well on the way to winning money.

The mental side of golf shows in many ways. The number of times professional golfers put together a string of impressive performances is largely down to the confidence factor. When they are happy with their swing and they are hitting greens, the putts start sinking.

Indeed, if there is a single tip for golf betting it is to concentrate on following the players in form. Recent good form is the key

to backing any player. This might most obviously be a good finishing position in recent tournaments or a low average number of shots, but other indicators can be more profitable. A good performance in one of the game's often under-used statistics, such as hitting the greens in regulation most consistently (in other words hitting the green from the tee on a par three, in two shots on a par four and in three or less on a par five) or converting most birdie putting chances over a tournament can point to a player ready to make a big impact at a big price.

Golf tipster Keith Elliott, whose golf betting annual is a must for serious golf betters whether it is fixed-odds or spreads, highlights the point.

‘One of my favourite ploys is to back a player who topped the statistics for hitting the greens in the regulation number of shots in his last tournament, even if his finishing position was down the field. It means they are hitting greens and giving themselves the chance to make birdies. The comparison is to a good football team. They make lots of chances and it is just a case of when they take them. At this level in golf it is a case of waiting for the putting to come together—and when it does players seem like they cannot miss.’

In contrast a professional who is down on his game can find it ever so hard to refind his touch and start competing strongly. Maybe it is the mind playing tricks during long hours on the course and practice ground but, once the downward spiral starts, it is tough to break out.

The table on the following page illustrates arguably the five most important golfing statistics. They can point to who will play well in a tournament and hopefully help us to be in the money as well.

Statistic	What it means	When it counts
Driving distance	Length off the tee, with the best players hitting it over 300 yards per drive	The longest courses and those with par fives which big hitters can drive on 1 shots
Greens in regulation	Hitting the green in the prescribed number of shots or less, i.e. on the green in two on par fours and three or less on par fives	Arguably the best test of consistent player. Essential everywhere, but particularly on courses with difficult greens
Bounce back	A player's ability to recover a dropped shot on the next hole. So a bogey on one hole is followed by a birdie	Good test of a player's temperament, particularly on difficult courses where even the best are likely to drop shots
Birdie conversion	Players who make birdies when they hit the green in regulation. In other words, taking your chances	Everywhere, particularly on hard courses where chances may be few and far between
Final round scoring	Consistently shooting low scores in the fourth round of a tournament	Important test of player's nerve when they are in contention for a tournament

The five tell-tale statistics of who is hot in the US and European tours

Sources: www.pgatour.com and www.europeantour.com

Any discussion of golf over the past few years has at some point to turn to the Tiger factor. His record speaks for itself and there is no need to labour the point here; suffice to say that he still stands head and shoulders over the rest of the golfing world.

What is more interesting is his effect on the golf betting market. When Tiger is playing, the betting odds have an artificially lopsided nature, where he will start 2-1 favourite and the rest of the field are 16-1 and upwards. The result is that many world-class players are available at very good odds. This is also true on the spreads. On a championship index, Woods will usually have an opening quote so high that he has to come in the top two for buyers to profit. On a 60-40-30-25-20-15-10-5 index for the top eight positions, Woods may be quoted at 30-33—a high price to pay in anyone's book. But the effect is that when you think Tiger is rusty or not on his game or the course is not ideal for him, there is value backing against him.

Tournament indices are obviously the spread betting equivalent to outright winner fixed-odds bets, but significantly they will not usually quote the whole field, with only maybe the top 25 in the betting offered a price. What will happen is that if and when unquoted players perform well in the first couple of rounds they are only then introduced into the tournament index. On occasions, perhaps in the final round of the tournament, a quote for the rest of the field will be introduced at the foot of the index. The advantage, of course, of the tournament index is that your losses are limited and it gives an option to back against a chosen player with the rest of the field running for you.

The main tournament index is only updated after each round, but, on the last day of most tournaments, the spread firms often offer an in-running 25 win, 10 second place index of the leading players. Assuming you have access to live footage, the market, often on a Sunday afternoon and evening, offers great potential—the test is just how well you can read in-running

play. If you can spot the telltale signs that one of the players is struggling with the pressure of being in contention or that weather conditions are taking a turn for the worse and the clubhouse scores are maybe more competitive than was assumed, you can make it pay.

As we discussed in an earlier chapter, the best market-makers (or indeed gamblers) are the ones who can spot a significant change in a sport or particular event that fundamentally alters the way it may turn out. The phenomenon that is Tiger Woods is probably the best example of this in modern times.

His level of performance has been so far above that of his opponents that it has fundamentally altered the face of golf. Never before has a player started at around the 2-1 mark for every tournament he enters and so held sway over his rivals.

But nothing remains the same and the next base change revolution in the golfing world will be when Tiger is not all dominant and other players can challenge him on a regular basis. We are not there yet by any means, but some believe there are chinks in the armour.

Keith Elliott, for one, believes the tide may just be turning.

‘Woods’ advantages are his mental toughness and the fact he puts the ball so far down the fairway that par fives are really par fours. But developments in technology mean that all players are hitting the ball further and becoming more equal. I also wonder with Tiger if he still has the same desire after all he has achieved. I don’t think we will see him play as well as a couple of years ago when he ran away with the Masters.’

Indeed, the feeling among pundits is that a host of new talent is on the verge of breaking into the big time. More than 30 players won their first professional tournaments in the US or

European tour during the 2002 season. Some may turn out to be one-off flukes, but it is more than likely to be a sea change to challenge the old guard. In spread terms, as with any sport, 'name' players are priced at a premium. Ernie Els, Phil Mickelson, David Duval, Colin Montgomery and the like are all popular with the punters and will have their price adjusted slightly higher to compensate. If the new run of talent is about to burst on to the scene, then these players will represent worse value than ever. We will see what the next couple of seasons bring.

Golf spread betting, as with most sports, should be only one of the weapons we have when gambling.

Notwithstanding the fact that the best players are the ones who have the best mental attitude, one of the continuing trends in golf is how frequently it throws up apparently unpredictable winners. In what other sport do 100-1 rags have a real chance of winning on their day? A horse that is 100-1 has next to no chance of pulling off a shock victory—a 100-1 golfer most certainly does. Some of the reasons for this we have touched on before—they have run into recent good form and are hitting the ball well. Some are more intangible. Maybe an outsider is playing on a course near their home; maybe they have had some good personal news.

Whatever the reason, it is almost impossible for the spreads to compete if you want to back an 80-1 or 100-1 rag. The likelihood as we noted above is that the player will not be quoted in initial tournament markets, meaning the only way to back him is in an 18-hole match bet which is unlikely to offer such value.

Where the spreads do come into their own is in backing or opposing players on a tournament index and in 'tournaments within tournaments' such as top European or top American player markets, where maybe seven leading players are pitched together in a market. Picking a winner from a field of 150 golfers

may be very difficult, but when the field is down to seven or ten we have a much better chance.

Match bets between players also offer a potential profit that can far outstrip fixed-odds. A 72-hole match bet between two players can easily see a swing of more than 15 holes over a tournament. And of course it offers the huge advantage that your player does not have to come anywhere near winning the overall competition to be a big winner against his opponent in the match bet. The only exception to this is when a player (usually Tiger Woods, occasionally Ernie Els or Phil Mickelson if the competition in a tournament is particularly weak) is pitched against the rest of the field. In such cases it is every player against the one favourite, usually with him receiving between two and five shots 'start'.

Such markets are updated after each round and allow punters to take advantage of specific situations. So, for instance, Ernie Els, great player that he is, has in the past had a tendency to let his game drop if he is not in the leading pack come the last round: a clear potential opportunity to back against him over the last 18 holes, whoever he is matched up against. Indeed as a general rule, beware players who are way down the field as invariably they will not produce their best golf in the last round. For many, the last round after a bad week is a chore to go through and get over as quickly as possible before looking forward to a clean slate in the next tournament. For this reason, 72-hole match bets can tend to go heavily one way—in other words if one of the players is doing considerably better than the other then the bet is more likely to continue in the same direction than see a reverse of fortune. I know to my cost that expecting even the best players to put in a great round when they have nothing to play for is a hope too far. There may not be many times when closing a bet is the best course, but there are times when cutting losses on match bets is the most sensible plan of action.

Perhaps because of their nature, most 72-hole match bets have a 25-hole stop-loss. One of the vagaries of the bet is that if one of the players misses the half-way cut, then the bet is stopped and the difference between the two golfers doubled for the final two rounds. For example, you buy Ernie Els's 72-hole supremacy over Vijay Singh, giving away two shots. After two rounds Els is 5 under, but Singh is 3 over. The cut is made at even par so Singh misses the cut. The difference between the two is 8, but under the rules of the bet that is doubled to 16 shots. Take away the two you were giving away and there is a tasty 14-shot profit.

Betting between rounds in a tournament offers opportunities which straight fixed-odds betting cannot compete with. One of the ploys for a quick profit is to follow early starters in a competition. Golfers who have early tee-off times in the first and second rounds have the advantage of being more alert and being able to 'get on with it' rather than being forced to wait several hours. They will also enjoy fresh greens before they have been trampled on by a hundred or so players and their caddies. They are also likely to have the best of the weather conditions since the tendency, particularly on links and coastal courses, is for the worst of the wind and rain to come in the afternoons. Again, concentrating on players in good recent form, the option is there to back an early starter. One way could be to sell a player's finishing position for the whole tournament, with a view to possibly buying it back after the first round. For instance, an early starter with an opening finishing position quote of 27–30 who has a good first round may come down to a quote of 17–20. This means we could sell at 27 before the first round and buy back at 20 for a seven-point profit. Alternatively, if a player you have in mind to do well has a late start time in the first round, consider delaying your bet for 24 hours in the hope that the quote has moved to your advantage.

Finishing position markets usually have a maximum make-

up of 50th place, so even if a player misses the cut completely, his position will be 50 for betting purposes. This has the effect of compressing most players' quotes (Woods excepted) into the mid-20 to mid-30 region. A player who makes a good start in the first round may still find his quote is considerably higher than his position in the tournament. This provides a potential area of profit if we are confident a player will continue in good form.

The only time the 50 make-up rule does not apply for finishing positions is for selected players for whom a no-limit rule is introduced. This means players' initial quotes are higher, but with a potentially larger upside if they struggle in a competition with 140 plus players.

Again, there is a disadvantage of trading in and out of a market because the punter is always paying the spread twice, but when it is used as a positive trading method such as here, in-running trading (or at least between-round trading) can have positive results.

The other popular market is the 18-hole match bet between players who are paired together in a particular round. All the firms score the market in the same way, 10 points for whichever player has the lowest score in that round and three points for each shot he beats his rival by. There is usually a 55-point stop-loss on the market. So if a player goes round a course in level par 72 while his opponent goes round in three over par 75, the make-up would be 19–10 for winning the match and another nine for the three-shot margin.

In fixed-odds, betting on three- and two-ball matches, where a gambler backs one player to beat his two playing partners over a round, is largely regarded as a mug's bet. The argument is that there is a large over-round and that over 18 holes a good player can be unlucky or have an unusually poor round and an average player can have an unexpected stellar round out of nowhere. Too much is down to luck over 18 holes. The same

applies to an extent on the spreads, although at least we have the advantage that the bets are always just between two players instead of three. One relatively low-risk ploy which can see profit over the long term is a sell of strong big-name player favourites over 18 holes. Opening quotes of 10–13 are not unusual—in other words the favourite has to win by two strokes to beat his quote. Just as in other sports, favourites tend to be over-priced, particularly over short-term events and we can take advantage of the price without exposing ourselves to too much risk.

For the major tournaments, the spread firms will also often come up with a series of special markets, often along the lines of the number of birdies or bogeys on a particular hole. The warning on such markets must be to treat them with care. The more complex the market, the more likely the spread firms are to have the statistical information to back up their quote. As with many speciality ‘fun’ markets, most clients are usually buyers, but do beware. Particularly with regard to ‘disaster hole’ markets where the total of double bogeys and worse are counted (so if the hole is a par four and a player takes a triple-bogey seven, then seven goes towards the total) do not underestimate the professional golfer’s skill. The only reason this kind of market should be a buy is if the weather is extreme because the honest truth is that the pro-golfers of today can destroy even the hardest golf course if conditions are benign.

To return to where we started with golf, the game is very much a psychological battle. And the last and most extraordinary example of how much golf is a game played 95 per cent in the mind is shown by what Keith Elliott calls the ‘sick golfer syndrome’. This is the astonishing record that injured and sickly golfers have in their first round.

Normally injured sportsmen cannot give of their best. So the news that a particular player has flu or a pulled muscle or

an old injury that is playing up would be the cue to avoid him like the plague on fixed-odds or back against him on the spreads. But bizarrely, many golfers seem to play better when suffering slightly. Elliott has numerous examples of players overcoming seemingly debilitating illnesses and injuries to card winning scores.

Elliott says:

‘The sick golfer often plays well for a round or two. The explanation is that the player is not worrying about his swing and his form, but instead on his injury and so he relaxes. He does not try to hit the ball as hard and has an easier swing and concentrates on timing the ball. The mentality also means that because a player is not feeling well and not expecting to do well he copes better with bad breaks and a bit of bad luck instead of dwelling on it.’

Research tips

Elliott's Golf Form (Portway Press): For punters, golf is blessed with having one of the foremost tipsters of any sport. Keith Elliott's annual *Golf Form* book is a must for anyone who is even considering betting on golf. Indeed the book is worth looking at for anyone interested in betting at all because of its analysis of the mental side of sportsmen. Every golf spread trader also keeps a copy close to his side and uses it throughout the season...and you cannot get a bigger compliment than that.

Jeremy Chapman, *Racing Post*: It would be easy to recommend various members of the *Racing Post*'s sports betting team, but Jeremy Chapman commands the highest respect for his insight and tips and consistently comes up with profitable big-priced winners over the season.

www.pgatour.com: The official website of the United States PGA tour. Provides live updated scoring throughout the tournament and updated statistics on greens in regulation, putting, driving accuracy and the rest of the statistics golf punters must acquaint themselves with. Interesting features and, depending on the power of your computer, video footage of players and webcams at holes also available. Considering the distinctly average TV coverage from American networks, this is an important way of keeping updated on the US tour.

www.europeantour.com: The European tour's official website providing updated scoring from around the world and all the statistics you would expect.

Chapter Thirteen

Playing the Field, Spread Betting and Horse Racing

When spread betting began, horse racing markets accounted for the majority of the business. That figure has steadily dropped over the years as other sports have attracted new clients and other forms of betting—internet accounts, telephone credit accounts and one-to-one trading on sites such as Betfair have rocketed in popularity.

Even so, racing still makes up more than 25 per cent of the spread firms' turnover, with the daily diet of three or more race meetings attracting regular and sometimes hefty punters.

In many ways, racing is far from being the ideal spread betting medium. No one has yet thought of a way of betting in running and many of the markets are, to say the least, somewhat manufactured.

Markets such as the winning distance between two named horses or total winning distances at a meeting have no specific impact on events at the racecourse. If a jockey leading by a long way eases his horse down towards the line it has no effect on the ultimate result—unless of course you have bought winning lengths.

This divergence between a jockey's responsibilities—in other words to try to ensure his horse runs to the best of its ability and secures the best position it can—and the way some of the spreads are calculated has inevitably led to problems. Jockeys are in theory breaking no rules by not trying to win by the greatest distance they can. Indeed, from a handicap point of view, the closer a race looks to be, the less penalised the winner is in future events.

The problem came to a head when several firms received a run of bets selling winning distances at a series of low-quality, low-profile evening meetings. The allegation was that winning horses were being deliberately pulled up towards the line after connections had sold lengths.

Several jockeys were spoken to by senior members of the spread betting firms and the result was that stakes for those believed to be involved were limited. Even so, winning distances remain one of the most popular racing markets with clients and most difficult to mark up for the traders.

In broad terms soft or tacky ground means horses tire more easily and winning distances can be larger. Small fields can also mean bigger winning distances than large handicap fields because there is more chance that the winner will be significantly better than its rivals.

There are of course statistics showing typical winning length make-ups on various ground and on various courses. However, if ground conditions are the key to winning distances, then both punters and market-makers face a struggle. Condition descriptions at British racecourses are notoriously vague. What is one man's soft ground is another man's bog. Good-to-soft ground may be cloyingly sticky, leaving most horses struggling to move through it. Good ground may be much faster than it should be, with the whole field coming home together.

'It is very much a feel price for traders and it is the only market where I might look at statistics,' says Scott Salkeld, racing trader at Spreadex.

'The first race can tell you a lot. Are the horses coming home tired or are they coping with conditions well? If they are out on their feet, the distances quote may go up, but then you think, will the jockeys get together and decide to go slower earlier on in the rest of the races to save the horses

for the finish? Size of field is very important as well because small fields always run the risk of one horse running away with the race.'

One of spread betting's few female clients has made a small, but consistent profit selling distances at low profile National Hunt meetings.

But even if there was no question of collusion, many insiders regard buying winning distances as one of the quickest ways to the spread betting poorhouse.

One market-maker describes buying distances, particularly at competitive high profile meetings where every horse will be giving its best, as one of the industry's biggest mug punts.

'Too many punters see small fields over long distances in jumps racing with a strong favourite and expect a rout. They think, if the second horse falls at the last and the winning horse is pushed out, then there will be a huge make-up. It doesn't happen. In reality the maximum winning distance make-up of 30 lengths is rarely seen.'

Other racing markets see horses grouped together on a seemingly haphazard basis. For instance, the heavyweights and number ones market sees all the horses running at a meeting with racecard number one grouped together. In theory, the top-weighted horse in a handicap is the best horse in the field because it is handed the most weight to slow it down. But non-handicap number ones are largely down to an alphabetical list—hardly scientific. If you believe you have an edge in one race or two then fine, but the chances of your advantage being reflected across a whole racecard, considering the spread you have to pay, is unlikely.

Double racecard numbers is the collected numbers of the

winning horses multiplied by two. So if you fancy low-weighted horses to do well on heavy going, selling heavyweights or buying racecard numbers may be a way of supporting them.

The market for starting price favourites or favourites as shown in the *Racing Post* gives punters a chance to back or oppose the most popular horses of the day. In most cases a horse that wins is awarded 25 points, a horse which is second gets 10 and a horse third gets 5, with the quote based on what the market-makers expect the final total to be at the end of the day. The starting price favourite is particularly hard to judge, not least because a late move in the market can mean a change of favourite and suddenly you are supporting a different horse to the one you were expecting to be backing. If two horses go off at the same price, the lowest card number counts as the favourite for the bet.

If you rate a particular jockey—or think he is useless—the jockey markets allow you to back or oppose him on his mounts that day. If you think AP McCoy will be on fire on a Wednesday afternoon at Kempton and that he has a good set of rides, then there is every chance to buy and make a profit. If you think a high profile rider is over-rated and will not be too bothered about busting a gut at a poor midweek meeting, then sell. Again, points are awarded 25–10–5, with a handful of the most popular jockeys being quoted.

Probably the most conventional racing spread markets are the indices on particular races. These award points for the first three placed horses on a 50–25–10 basis (with points for fourth and even fifth in bigger handicap fields) and are most easily compared to traditional fixed-odds. Notepad mathematics will tell you whether you are better off betting on the spreads or can get better value elsewhere. As so often in spread betting, the more straightforward a market and the fewer variables involved, the better the value for punters.

Racing market-makers start their mornings pricing up the day's racing for themselves using fixed-odds prices. This comes from their own judgement alongside a glance at the earliest bookmakers to price up the races (usually the Irish bookmaker Sean Graham who price up every race that day first thing in the morning).

Computer spreadsheets can then calculate what the spread price should be in a race at any particular fixed-odds price. It also works out how much a favourite or number one horse should be in the other markets. So, for instance, an evens, top-weighted horse in a five-runner field will be worth more in the favourites and heavyweights market than a 5-1 favourite in a 16 runner handicap. Similarly, once the odds are worked out on a certain jockey's rides that day, so it can be put into a spread form.

One disadvantage the spread trader has is that he is not on the course. Watching horses in the parade ring or speaking to connections is simply not possible. Instead, money movements in the run-up to a race are the key to the spreads moving. The spread firms have access to fixed-odds prices via teletext and the internet, but the first indication of a move for a particular horse is through the betting exchanges. The amount bet and laid on one-to-one exchanges acts as a pure medium as to which horses are fancied and which are definitely not. Like any bookmaker, spread market-makers are keen to avoid being stung by inside information, and watching the prices and reacting accordingly is the best way of avoiding a costly mistake.

Changes in price of a horse can also have an effect on several markets. Money for a favourite that is top weight and ridden by a jockey who has a performance quote can change several markets at once. If in the morning a top-weight horse was second favourite at 5-2, but by the off it is 5-4 favourite, several of the markets can change significantly.

Scott Salkeld says: 'We have people who will bet with the

money and try to pinch a point here and there. Betfair and websites such as oddschecker.com which has prices for most of the major firms make the job much easier.’

Spread firms often subscribe to the major tipping services on the basis that if there is a sudden rush of money mid-morning for a horse in one of their race indices, they need to know why.

But the key as always to the spread firms’ success is knowledge and judgement. Watching every race, every day helps form judgements on horses, jockeys and trainers, and most traders are not short of a strong opinion.

Salkeld says:

‘There are jockeys I think are awesome and there are some who should never be on the back of a horse. Some trainers and owners I always respect, some I dread backing. But that is what the business is about—having opinions and I have them just like the clients do.’

Whether their opinions are always right may be another matter, but there can be no doubt traders have an expert knowledge of horse racing. For the man working in the office it is hard to compete with someone who race watches for a living and has a computer to check the spread quotes. One of the advantages of racing is that every race, every day is easily available to watch, if you have the time. Contrast that with almost any other sport and the market-maker is relying on a few live events, edited highlights and written reports.

What is perhaps also very pertinent is the fact that for all the betting that spread firm employees have on horse racing (and it is not inconsiderable), only a tiny fraction of it is on the spreads. Increasingly most insiders believe the value when it comes to racing will be on the one-to-one exchanges. Nearly

everyone in sports spread trading offices has an account with Betfair and they prefer that to betting with the other spread firms.

On the plus side, the number of meetings traded mean that often one trader is quoting more than one meeting. Updating prices, checking on upcoming races or listening to the Attheraces or SIS coverage for a snippet of useful information all means that human error is that much more likely—and all traders admit that mistakes are made, however small, all the time.

Research tips

www.racingpost.co.uk: Excellent wide-ranging site providing easy access to horses' form and cross-referencing form as well as declarations for upcoming races.

Racehorses and *Chasers and Hurdlers*: The two Timeform publications—one for the flat, one for the National Hunt, are pricey at nearly £70 each, but full value for entertainment, good writing and a usually accurate insight into every horse in training the previous season.

www.oddschecker.com: Gives a good indication of prices.

www.betfair.co.uk: The most significant of the one-to-one exchanges and one of the best and first ways of judging where the money is going in a race.

www.seangraham.com: Irish bookmaker's website used by the market-makers to check fixed-odds first thing in the morning.

Chapter Fourteen

The Equality of American Football

American football, perhaps more than any other sport, lends itself to spread betting perfectly. The game has a good turnover of points, there are breaks in play to allow trading and to digest what is happening on the field and despite being based in the United States, the statistics for the game are probably more easily attainable and user friendly than for any other sport.

The other significant feature for anyone betting on NFL American football is the remarkable way it is organised by the sports administrators. While nearly every other professional sport in recent years has seen the best and richest teams become more and more dominant, almost exactly the opposite has happened in the NFL. The era when 'America's team', the Dallas Cowboys and the San Francisco Forty-Niners won championship after championship has disappeared. Now nearly every team believes it has a chance of making it their year.

There are several reasons. One is the method of recruiting new players via a draft of young talent coming from the college levels. It means that the previous season's worst teams get first pick of the best young players. The stars-to-be may take time to become the real deal, but they can give a poor team the new blood to be a force in years to come.

Of more immediate impact is the relatively recent development of the salary cap, limiting the amount that teams can spend on their total salary bill. The effect has been to give the sport a remarkably level playing field. Teams

that dominate one year can find that they struggle to keep their star players in the following seasons as they begin to demand higher wages.

The proof can be seen in the teams that have come to the fore—and faded from the scene—in the last few years. The season before the St Louis Rams won Superbowl XXXIV, they had won only four games and finished last in their division. The Baltimore Ravens had gone 8-8 the season before they won Superbowl XXXV while in 2001–2002 the New England Patriots came off a 5-11 losing season before landing the championship title. In 2003, the Tampa Bay Buccaneers, the franchise who lost their first 26 games, the only side ever to lose every game in a season and with the record for longest run of consecutive losing seasons, won SuperBowl XXXVII. In the NFL, every dog does have its day.

Just as teams can suddenly become winners, so they can just as easily become also-rans. Denver won the Superbowl in January 1999, but failed to make the play-offs the following season. Baltimore won in 2000–2001, but started the 2002–2003 season as 66-1 outsiders after being decimated by the salary cap system. In 2002 the supposed champions-elect, the St Louis Rams, who were expected to blast their way into the play-offs with their high-powered offence, lost the first five games of the season and failed to make the post-season play-offs.

The 2002–2003 season also saw another major change to further cloud the picture. The introduction of a 32nd team, the Houston Texans, into the NFL gave its administrators the chance to reorganise the league from its existing six divisions into eight, each containing four teams. The effects are open to debate, but one clear consequence will be the increased chance of a team winning a weak division with a losing record while a team with a winning record in a stronger division fails to make the play-offs. The importance of

winning the maximum number of games and securing a bye week in the play-offs should also mean less meaningless end-of-season games where neither team has anything riding on the result.

Suffice to say, the full impact of the change, and the trends it leads to, may take several years to come to light. What is apparent is that the nature of the league means more teams are in contention to win the Superbowl in the last few weeks of the season now than ever before, as the table below illustrates.

Year	Teams in contention with 3 weeks to play	Teams in contention with 2 weeks to play	Teams in contention with 1 week to play
2001	23	16	13
2000	19	17	16
1999	23	20	16
1998	22	19	14
1997	22	18	14

Teams in Superbowl contention in the last three weeks of the regular season

Source: *NFL Record and Fact Book*

Of course, there is an argument to be made that if the NFL season has become so difficult to predict then what chance do punters have? I would suggest that on the contrary the unpredictability can work in our favour. Bookmakers who price up the league on reputation and last year's standings alone are asking for trouble. There is true value to be had on American Football whether it is a long-term bet or individual matches.

As always, research is the key and in a truly American way life has been made easy for the punter. For anyone serious about spread betting on American football, the annual *NFL Record and Fact Book* is a must. The game is run on numbers like no other. The average yards rushing a particular player

makes per game, a team's average number of first downs, how likely they are to have penalties—almost any detail of the game can be put into statistics and they are nearly all available in the yearbook. The individual teams' websites and the league's own (www.nfl.com) keep the figures updated throughout the season. The latter will even break down the trends for a team coming into a game depending on the circumstances. So, for instance, the figures are available on whether a team has a record of playing well or badly when it plays on grass in temperatures below freezing after winning the previous week. This is taken even further with individual player performances extrapolated from their previous five weeks' form.

As with most sports, individual game betting revolves around total points and supremacy. One good indicator is to follow the 'Vegas line', a handicap mark for each game which usually comes out on the Tuesday before the weekend games. The *Racing Post* includes the figure in their preview of the games, but it is worth five minutes on the internet tracking down the handicaps when they are first published. What particularly is worth noting are any major changes in the Vegas handicap mark over the week. The argument is that for all the knowledge of the spread firms' traders, the massive betting market of Las Vegas and its teams of analysts are likely to have the best contacts and knowledge in the business. If they are moving the handicap, there is a lot to be said for following it. Look out also for spread quotes that are notably different to the Vegas line. This is a rare occurrence, but if a British trader is going out on a limb against the American-based experts, it is always tempting to take him on.

For the spreads, expect to see the points total in the low 30s for games involving strong defensive teams and up into the 50s for higher scoring teams. Supremacy spreads, particularly during the early weeks of the season, rarely rise above 7–10 and even in apparent mis-match games it is

unusual to have to give away more than 14 points (the equivalent of a two touchdown start).

As we have discussed earlier, there is a trend towards bringing teams together in terms of ability in recent years and the result can be seen in individual games as well as over the season. In the 2001–2002 season nearly half (48.8 per cent) of all games were decided by less than seven points and a quarter of the games were decided by three or less. Clearly if you are considering backing a team to win by more than seven, it is worth bearing these figures in mind. And if you are backing one of the league's glamour teams—such as the high-powered St Louis Rams—expect to have to pay extra to buy their supremacy.

Year	Games decided by seven points or less	Games decided by three points or less
2001	121 of 248 (48.8 per cent)	62 of 248 (25 per cent)
2000	109 of 248 (44)	61 of 248 (24.6)
1999	115 of 248 (46.4)	64 of 248 (25.8)
1998	113 of 240 (47.1)	50 of 240 (20.8)
1997	111 of 240 (46.3)	67 of 240 (27.9)
1996	109 of 240 (45.4)	47 of 240 (19.6)
1995	115 of 240 (47.9)	61 of 240 (25.4)
1994	115 of 224 (51.3)	60 of 224 (26.8)
1993	105 of 224 (46.9)	53 of 224 (23.7)
1992	88 of 224 (39.3)	48 of 224 (21.4)
1991	112 of 224 (50)	57 of 224 (25.4)

How close regular season games are in the NFL. Ten-year record of games decided by seven points or less and three points or less

Source: *NFL Record and Fact Book*

A similar story applies on other markets, particularly where

high profile names are involved. The big-name quarterbacks and wide receivers will command inflated prices if you want to buy their performance.

Many other live match markets follow along similar lines to rugby league and union games. Shirt numbers markets are related to total points—although with players wearing shirts going up to 99 it can clearly be considerably more volatile than almost any other shirts market. Starting quotes for high scoring matches can be over 300—a lot to pay when it is remembered that running backs who score a significant percentage of points only wear shirts numbered up to 40. And just as in association football, games do end up with shirt make-ups of zero—the nuclear result for buyers.

Performance markets are usually made up of components including winning the match, scoring touchdowns and field goals and sacking the opposing quarterback. Losing points is usually restricted to missed kicks and turning over the ball through a fumble or interception.

The quote is calculated statistically in the same way as in other sports, as are hotshot quotes (named players to score a touchdown), touchdown yardage (cumulative yards of touchdown scoring plays), touchdown minutes (total cumulative minutes that touchdowns are scored in) and individual player touchdown minutes. The latter has a lot in common with the individual player goal-scoring minutes in soccer and similarly sees vastly more buyers than sellers.

During the regular season, American football really only remains a game for the aficionado, particularly after Sky's perverse decision to keep live matches on its digital Sky Sports Extra channel. But once a year the game's showpiece occasion comes round and the spread firms go to town.

The Superbowl ranks with the FA Cup for its range of special markets. From the time of the first penalty to the length of the longest pass, the number of times the chain game officials

come on to the pitch to measure for a first down to a match bet on which kicker will have the most successful field goal-kicking yards. All are potential winners, but as always, check the statistics. There probably will be an error somewhere—but hard work is needed to find it.

Super Bowl XXXVII saw the Oakland Raiders made 3–6 point favourites over a dour Tampa Bay team. Before the game, all the hype surrounded Oakland's high-scoring pass-orientated offence (in the second half of the game they did not attempt a single run). In reality, the Buccaneers dominated the game with an overwhelming defensive display including three interceptions returned for touchdowns. The result was an upset, but in hindsight, it probably should not have been. 'Defence wins championships' is an old NFL saying and it still holds true despite all the turmoil in the league. Of ten Superbowls where a top-three ranked offence has met a top-three ranked defence, the defence has won on nine occasions. For all the razzmatazz and excitement of powerful offences, teams that can defend and keep themselves in the game and frustrate their opponents are well worth siding with as a general rule. Not only that, but because many people are taken in by the offensive fireworks of high profile quarterbacks, running backs and wide receivers, they often tend to be better value as well.

American football, with its statistics for everything, makes judging the best offence or defence easy. The league puts it into numbers for us. But the rule of backing good defences is not a bad rule of thumb for any possession sport where stopping your opponents when they have the ball is as important as scoring when you have it.

As we have discussed in earlier chapters, the punter or the bookmaker who can spot a base change in a sport and how it alters the make-up of a market gives himself a huge advantage. As a side note to this chapter, one of the most brilliant examples of spotting a change almost before it happened was

highlighted by Paul Austin of IG.

His firm had noticed that in the 2002–2003 season teams appeared to be using significantly more passing plays than rushing. The reason was unclear—perhaps because better passers than rushers had been drafted in the last couple of years, perhaps because the overall ability of rushers had slightly dipped. But the effect was significant for spread bettors. More passing plays meant the clock was stopped more often during the game which meant significantly more downs were being played. The result was more possible scoring plays and an increase in the total points scored. IG deliberately raised their total points quotes on the back of the evidence.

The statistics at the end of the season proved the theory spot on as a record number of touchdowns were scored during the regular season.

Research tips

NFL Annual Record and Fact Book: The NFL's official record book, containing detailed information on teams and players. Good section on the all-time record of every team. Statistics include teams' record in specific situations such as on a Monday night and in particular months.

www.nfl.com: The NFL's official website and the key to keeping updated with injury news, interviews with players and analysis for upcoming games. Full updated statistics on player and team performances and rankings. Also features a very useful forecasting option based on performances in the last five games. Full updated statistics and scoring available play-by-play on every game—well worth hooking into for games not on television, but which will have updated supremacy and points quotes at half-time.

www.wunderground.com or www.cnn.com: Extensive weather forecasting for the United States, including temperatures and, importantly, wind strength. A quick search on the internet may provide more detailed forecasts for a particular area.

Chapter Fifteen

The Opportunities of Motor Racing

It is either the most exhilarating sport in the world or the most boring two hours on a Sunday afternoon. Love it or hate it, Formula One is big business and continues to attract huge crowds and extensive TV coverage.

The administrators of motor racing also have one of the most difficult jobs in the sporting world—trying to make sure each race and the season overall is competitive and does not just become a procession. The truth is that the richest teams with the biggest backers have the best designers and engineers and the fastest cars. And when Michael Schumacher, the best driver in the world, is in the fastest car, little wonder that a tricky job is getting harder.

Schumacher is a genius and his position at the top of the sport with the Ferrari team behind him looks impregnable. When anyone lists the all-conquering, dominant sportsmen of the world, the German has to be among them. And the effect on betting turnover has been dramatic with gamblers, whether fixed-odds or spread devotees, shying away from races that they fully expect Schumacher to win in a canter at unbackably short odds.

However, the 2003 season has seen significant changes made to the Formula One circuit in a bid to level up the playing field. And the two most important have been the way races are scored and refuelling.

The change to the points scoring system has a direct influence on the most popular Formula One spread betting market, driver's season points totals. Before 2003, drivers were awarded 10 points for winning a race, 6 for coming second, 4 for third, 3

for fourth place, 2 for fifth and a single point for coming sixth. Now the top eight will score points in a race, with 10 for winning and 8 for second, 6 for third down to 1 for eighth place. The intended effect is to deliberately close the gap on Schumacher by awarding more points to his pursuers and to keep up interest further down the grid by encouraging the smaller manufacturers with points for seventh and eighth places.

Season points totals, like most long-term markets, make allowance for injury, accident and reliability of cars. They are marked down accordingly and even though drivers have to complete a minimum number of races (usually six) for bets to stand, there is always the risk associated with a high-speed crash.

The result for spread bettors will be that Schumacher will probably not win the championship by as far and that plenty more drivers who do not usually trouble the scorers will make it on to the leaderboard.

The second change may have even more effect on races themselves and will certainly liven up in-running spreads, which provides the other main interest in motor racing spreads. From 2003, cars that are used in qualifying will not be able to refuel prior to the start of the race. This means the teams will face two basic choices. The first is that they limit the amount of fuel they put into a car for qualifying to get a good position on the grid and make a good start (since a lighter car will go quicker than a heavier car with more fuel) and then trust that they can obtain a big-enough advantage before pulling in for a pit stop to refuel. The second is that they have a heavier car laden with fuel during qualifying, accept a lower grid position, but make inroads into the field during the race because they will not need the extra pit stop. It is a delicate balancing act and one which may take the teams a season or two to perfect. The difference between 25 and 50 kilos of fuel is the equivalent of three to four seconds a lap: enough to put the best car down to about 18th place on the grid in qualifying. It should again bring

the teams closer together, not least because it introduces a larger element of luck into proceedings as engineers and team management try to assess the best policy.

All the spread firms offer markets on televised qualifying sessions 24 hours before the race itself, usually in the form of a 25-10-5 index. Again 2003 has seen another wild card element thrown in, with the sport's governing body ruling that drivers only have an 'all or nothing' single lap in which to set a fastest time and secure a high grid position (in previous years drivers had several laps to try for a fastest time and high grid position). As always, when rules change and nobody including the bookmakers know for sure what effect it will have, we may be able to spot a profitable edge.

The nature of in-running betting on motor racing probably provides the biggest possible swings in fortune, mainly because of the reliability question. Your driver can be leading the field by a minute and cruising to victory, but a telltale puff of smoke from the engine can spell instant disaster and a make-up of zero.

That volatility led to one of spread betting's most apocryphal stories of disaster. An inexperienced IG Index client sold the field in the 1996 Monaco Grand Prix expecting the big-names to dominate on a track where overtaking is always difficult. Selling at just half a point for £500, he expected to guarantee himself an easy £250. Disaster struck, however, when the skies opened, turning the track into a rink and forcing many fancied names out of the race. Olivier Panis won his first and only Grand Prix, another rag came third and the hapless punter lost £18,750.

Paul Austin of IG, a big motor racing fan himself, believes that even without suicidal bets, spread bettors face a tough task on Formula One.

'We think it is the hardest sport to bet on in running. It is difficult for punters to beat us and it is also one of those sports that does not attract

shrewd bettors as such. That is probably because of the luck element. You may think you have an edge, but a crash can take that away from you in an instant.'

IG are blessed with probably the best in-running judges of motor racing in betting and if their race-readers take an opinion during a race, it is often worth noting.

Other spread bets available include match bets between drivers in a race, usually settled along the lines of 10 points for the driver whose finishing position is highest and 2 points for each position he beats his opponent by. So if David Coulthard comes third and he is in a match bet with Olivier Panis who comes tenth, the make-up would be 24—10 for winning and 14 for the seven places difference. Importantly, drivers who retire or crash during a race are ranked in order depending when they come out (the first to retire being in last place etc.).

Here the key to winning is assessing the reliability of the cars and drivers and trying to judge not necessarily which is quickest, but which is most likely to complete the race without mishap. Match bets down the grid often allow surprisingly good value for the bettor willing to put in the background work.

Reports on how testing has gone for the teams is well worth keeping an eye on: whose car is flying and who is having teething troubles? The 2003 season saw an interesting change in policy for three teams when Formula One allowed Jordan, Jaguar and Minardi two hours; testing on the race track itself on the Friday before the Grand Prix. The move, part of a money-saving option, was to make up for the three teams agreeing to test their cars for only ten other days during the season.

Other points always to be aware of include the fact that although the drivers may not officially have a team order, there is definitely a pecking order. The days of a team's 'second' driver allowing his team mate to pass him as they go round the

final bend may be over, but there is no getting away from the fact that team orders do exist. Expect the senior driver to have the choice of cars, more testing time, better engineers and first choice to take his pit stops across all the teams.

Research tips

www.formula1.com: Being revamped as the official Formula One website with history of tracks and drivers and full details of practice and qualifying days.

www.formulaone.free-online.co.uk: Full statistics on cars, teams, drivers and the tracks themselves. Includes weather links for each track.

Chapter Sixteen

Pub Games, Greyhounds, Boxing and . . . Lawn Tennis

While the diet of football, cricket and rugby increasingly seems to be an all-year feast, some sports only impinge on the national consciousness on an occasional basis. When they do have their moment in the spotlight, with televised games and coverage in the national press, the public warms to them like a long-lost friend—and the money goes down on the big-name stars and the housewives' favourites.

But when snooker and darts and to a lesser extent sports such as tennis are in the public eye, the spread firms pride themselves on meeting the interest with their normal range and breadth of betting options. If there is an event to bet on, you can rest assured that imagination in the markets will not be lacking. And for the serious spread bettor who is willing to put in the work, events such as the snooker or the darts world championships offer an opportunity to profit.

The advantage for the gambler prepared to put in the work, as so often, lies in the ignorance of other people. If the BBC are showing six hours of live snooker coverage or Sky has pledged to show every game of the darts championship live, it is safe to say that temptation will get the better of many gamblers. The greater the TV coverage, the more business the spread firms expect. And the chances are that the more 'occasional' the sport, the more ill-informed the judgement of its audience will be.

But punters are also not the only ones to have to suffer with a lack of available form to go on. The market-makers also have limited TV highlights to watch, scant newspaper coverage for

long periods of the year and for many sports a lack of easily available statistics.

The spread firms tend to have two policies for trading 'fringe' sports. The first is that a senior market-maker will trade the event as a secondary responsibility to a more mainstream sport. So maybe a football trader will also take care of one of the minor sports in the summer. The second possibility is that the firm will encourage one of its more junior members of staff to research a sport and start trading it before becoming more involved in major sports. IG, for instance, has a policy of encouraging its trading room staff to be involved in setting prices for at least one sport.

Either way, it opens up options. The sport is very likely to be traded by someone who has not had the chance to put in as much research as they would perhaps like or someone relatively inexperienced in forming markets and trading in running. Certainly, the firms are much less likely to want to take a big position on a sport where there is less information to go on and which is particularly vulnerable to clients with a good knowledge. The aim more than ever is to set prices which attract good each-way trade and take a profit from the spread.

Snooker

While many modern day sports are blessed with their all-dominant superstars, snooker is remarkable in the current period for its competitiveness, with a number of players vying with each other for the big tournaments. Do not get the wrong impression, however. Just because the game is not dominated by a Steve Davis or a Stephen Hendry at the moment does not mean the players are not as good. If anything, they are better than ever according to Chris Camp, snooker market-maker for IG.

'The players are definitely getting better. They are more aggressive generally and putting together

bigger breaks. There were a record number of century breaks at the World Championship in 2002 and that will continue to happen. There are also youngsters coming along who are superb and challenging the best players.'

This means that quotes on total points, century breaks, fifty-ups and ton-ups (points in a break over 50 and 100 respectively) are probably going to be buys despite their apparent high price. The trend is shown in the table below, which shows the big breaks over the past eight years of the World Championship. Although the size of the highest break may have remained the same, the number of centuries has increased dramatically.

Year	Number of century breaks	Size of biggest break
2002	68	145
2001	55	140
2000	54	143
1999	53	142
1998	59	143
1997	39	147
1996	48	144
1995	30	147

World Championship centuries and big breaks, 1995–2002

The competitiveness of snooker also means that favourites can be vulnerable. It is obvious that the more genuine challengers there are in a sport, the more likely favourites are to lose. But even when a favourite is likely to win, in snooker his quote is often over-priced. This is particularly true in the early rounds of tournaments that are played over fewer frames. In theory the longer a match, the more likely the better player

will have chances to prove his superiority. So, for instance, a match over the best of nine frames can become something of a lottery. This applies not only to who wins the match, but also to points scored (Sporting's Volcano market pitches the players' aggregate point supremacy over a match) and fifty-ups. Slow starters are particularly at risk, but a player who is off form and hoping to play his way into a game may find he is knocked out before he has a chance.

One of the elements that gamblers often struggle to understand in any sport is how events are interrelated—in effect it is the equivalent of lateral thinking in betting. This can particularly apply to spread betting markets where a movement in one market can influence prices on another or where an element can have a direct influence on the quote of another apparently unrelated market. So, for example, in cricket the quote for a batsman's runs will fall as other batsmen are out because he will have fewer partners and potentially less batting time at the crease. Similarly in snooker, the amount of time a player will have around the table is important, as is the 'quality' of chances a player will get. For instance, when Ronnie O'Sullivan is playing, despite usually being a hot favourite, his opponent's fifty-ups quotes may well be marked up. The thinking is that while O'Sullivan is a heavy scorer, he is also an aggressive player who will take on difficult pots. When he misses them, he is more likely to leave opportunities for his opponent to score well from an open table. In contrast a tight defensive player with an astute positional sense and safety play—maybe a Steve Davies or Alan McManus—will leave fewer chances for his opponent to get easy pots. Their opponents have to work harder to get scoring opportunities and may find the balls in more testing potting positions.

Research tips

www.worldsnooker.com: Live scoring desktop facility, updated news and information.

Darts

Any discussion of darts has to start with two words: Phil Taylor. ‘The Power’ has dominated the world of ‘arrers’ for more than a decade and his presence throws the betting into turmoil. Even as a prohibitive odds-on favourite he is hard to get away from. On a championship spread index, Taylor will be such a strong favourite that only winning a tournament will yield a profit. Realistically, backing any of his competitors is a place bet. You hope they will do well and make a profit—you don’t expect them to win the whole competition.

Match bets are a different matter. Like many one-on-one individual sports, darts has a 10–3 scoring system for match bets, where 10 points are awarded for winning a match and 3 points for each clear set. So in a best of nine set match, a player who wins five sets to one (i.e., by four clear sets) picks up 22 points—10 for the match and 12 for the sets.

As always with sports where the form for the general public is limited, new and up-and-coming players are the wild cards. The breeding ground for all the players is in local pubs and clubs from which they graduate into county leagues and serious competitive darts. So although many players compete at the highest level year in, year out, new players regularly break on to the scene and cause upsets. The comments about the standard of play made about snooker, above, also apply to darts. As with many sports, the level of play is rising year after year. The number of 180s in a match or tournament, highest checkout and ton-up check-outs (a player’s collected check-out scores over 100, so a maximum three-dart finish 170 check-out scores

70) all look potentially good buys, particularly in the WDC-controlled game which has most of the world's strongest players.

Greyhound racing

It is hard to get away from the belief that spread betting on greyhound racing is the preserve of the man who will gamble on literally anything. Knowledge of dogs in a particular race is one thing, but many of the spread firms' offerings are little more than tossing a coin. Sporting Index's Barking Mad market may allow informed guess work—the trap numbers of the first two dogs across the line multiplied together across a whole meeting. So if one beats two, the score is 2. If five beats six, the score is 30. Their Banana Bunch has the same mechanics as Barking Mad, but with the first three dogs across the line. So the minimum score for a single race is 6, the maximum 120—a sizeable volatility over a 12-race meeting makes this a lottery. Multi-distances (the collective winning distances between the first and second dog in every race in a meeting) and distance bets between different meetings are only for the hard-core gambler. Such markets are at best little more than looking at the record books and the average make-ups and trusting to luck. At worst it is a case of ringing up and choosing on the spur of the moment to go high or low—and all the spread firms can vouch for clients like these. It is betting for the sake of it and none too clever.

Sky's occasional live coverage of the big meetings allows indices on individual races which may offer better value than fixed-odds, but greyhound spread betting is largely something to avoid.

Tennis

For a game that is so quintessentially English, the national interest in tennis outside Wimbledon fortnight is basically zero.

The Australian and US Opens are shown on cable television and hardly anywhere else and at unearthly hours in the morning. The French Open is shown at more sociable hours, but bores us with long rallies on the red dust of Paris. Which leaves us with the annual Tim and Greg show...always lots of excitement, but destined to end in disappointment when the British hopes slump out of the tournament.

In spread terms, the very nature of tennis's low-key coverage should give opportunities, particularly in the early rounds of a tournament. Knowledge of a player's form on a specific surface is the first vital step. Different types of player suit different surfaces to such an extent that top players will even sidestep big tournaments if it is on a surface on which they struggle.

For the major open tournaments the firms operate tournament indices, with points awarded depending how far a player progresses. As with most tournament indices, relatively simple mathematics should indicate whether the index offers better value than a fixed-odds wager. When the favourites have to reach the final for you to make money it makes them heavily odds-on and better prices are probably found on fixed-odds. And as always, backing strong favourites on a tournament index always runs the risk of the catastrophic early-round shock.

The area where tournament index should give opportunities is for the outsiders who you believe have a chance to make progress in a tournament, even if they will not actually win it. This in current times probably particularly applies to the women's game, where the dominance of Venus and Serena Williams shows no sign of ending. Since between them the sisters take such a major share out of any tournament index, it has to leave value further down the tournament lists.

As with golf tournaments, there are players who come to form at the same time every year and favour particular tournaments. Needless to say, research can highlight the players who have a chance that others may have overlooked.

Where tennis does differ markedly from golf, however, is that an injured player's chance of progressing is severely limited. The stamina and power of the modern game as well as the physical demands of a tournament where players face a match every two days means that players need to be 100 per cent healthy to compete.

The most popular spread market on the games themselves is the set supremacy. This awards 10 points for winning the match and 3 points for each set won by (so in a men's match, the maximum make-up for a 3-0 sets win would be 19). The only firm with a different scoring system is Sporting, who award 5 points for each set won.

Games supremacy as it sounds is for supremacy of total number of games won over a match. So a player winning 6-0, 6-0, 6-0 would have a supremacy of 18. A player winning 7-6, 0-6, 0-6, 7-6, 6-4, unusual as it would be, would actually lose the games supremacy bet with a make-up of minus eight despite winning the match. In reality, particularly once a tournament reaches its later stages, players have such a dominant serve that sets are relatively close.

The other most common market—and one that normally would be the least volatile—is for the total number of games in a set. The more competitive and close a game is expected to be, the higher the quote for total games. Obviously, the men's game, being five-set affairs in most major tournaments, has the potential to have the highest number of games. The rule that the fifth set cannot finish with a tie-break can dramatically increase the number of games in a match. In the 2003 Australian Open, total game sellers had their ultimate nightmare when the match up between Andy Roddick and Younes El Aynaoui ended in a fifth set won 21-19. The quote for the number of games had been 38-40 with Sporting Index. It made up at a staggering 83.

Markets such as total points are statistically drawn from

earlier form in a tournament and the history of the two players involved and the firms are unlikely to make too many mistakes in such markets. The closer the game, the more points there should be, and a couple of games or so with a handful of deuces can be enough to leave sellers in trouble.

Total aces, double faults and aces and double fault supremacy markets between two players are also strictly based on past performance. If there is an edge to be had, it must also be tempered with the fact that the 1-point spread for aces and 1.5 spread for double faults is relatively large as a percentage of their volatility.

Research tips

www.atptennis.com: Comprehensive details of all the major tennis events throughout the year with detailed statistics, player profiles and tournament history.

www.wimbledon.org: Wimbledon site which comes into its own for the two weeks of the All England Club tournament.

Chapter Seventeen

Spread Betting and the World of Politics

The old adage goes that a week is a long time in politics. In spread betting, of course, a minute can be a long time with fortunes won or lost in a matter of moments. But the world of politics, both at home and abroad, can provide some of the most fascinating and potentially profitable markets in spread betting.

As with all speciality markets, there is the potential for punters to turn the odds in their favour because they may know more than the market-makers. Intrigue and gossip in the halls of Westminster may often be no more than that, but like all rumour, it often has some basis in truth. And even though the average spread bettor may not have an inside line on the ins and outs of the House of Commons, they may well be able to assess the statistics and comment every bit as well as the firms.

In spread betting terms the main British market relates to the number of seats the parties are expected to pick up at the next General Election and this is often traded in running literally years before the event. Nearer the date of the General Election, quotes on the parties' percentage of the overall vote, particular seats (such as the Prime Minister's votes against the votes of the leader of the opposition) and various specials come on to the market.

Peter Kellner, political analyst and founder of the pollsters You.Gov, is known as the best numbers man in Westminster. He has consistently and accurately predicted the number of seats and percentages for the main political parties, drawing on his own assessment of the political situation and careful

reading of opinion polls. His spread betting experience only started when he was approached by the *Racing Post* to do a weekly column in the weeks running up to the 1997 General Election. As he says:

‘I had never had a spread bet in my life—I didn’t know what it was. But when I did the column and looked at the quotes, I knew they were just plain wrong. I believe the market-makers got the quote wrong because they refused to believe the opinion polls could be right.

There was a belief that Labour could not win by more than 50 or so seats—it was like voodoo. I opened accounts, backed my judgement and made a significant amount.’

This is not the time or the place for a comprehensive assessment of the political landscape since the early 1980s. However, it would seem relatively uncontroversial to suggest that the last two elections have led to such enormous landslide victories for Labour largely because of the phenomenon of vociferous anti-Tory tactical voting. Large numbers of voters who would normally have been potential Conservative supporters abandoned the party, feeling at best let down, at worst betrayed, by the party’s leadership. After 18 years in power, the strength of feeling was such that many voters decided they would vote for a party other than their first choice to ensure the Conservatives were defeated. It was an aspect that was underestimated by most analysts and market-makers alike and which Kellner—and those who followed his tips in the *Racing Post*—cashed in on.

Commentators and pundits could not fathom the size of the defeat that would be inflicted on the Tories in 1997. And like the experts, the spread betting firms have also continually

undervalued Labour's majority in the run up to the 1997 and 2001 elections.

One reason for this could be the nature of spread betting's clientele. Although the thousands of people who now have accounts come from a varied background, the traditional heart of the industry would still seem to be the city/stockbroker brigade—and without stereotyping, many of them tend to be Conservative. Certainly several of the biggest bets laid on the last election came from Tory sympathisers who backed their opinions with their money. One punter, reputed to be a Tory MP, lost tens of thousands after backing his party and it seems that a small number of big bets backing the number of seats the Conservatives would hold kept the price up artificially. Probably the biggest loser was one client who allegedly lost in excess of £500,000 with Sporting after buying Tory seats in 1997.

The effect is that quotes on total seats and percentages are skewed towards the Conservatives—not unlike the pro-Arsenal effect discussed in the earlier chapter on football.

Big punter Brian Hartigan had one of his best paydays after repeatedly selling Tory seats at the 1997 election—and it was all thanks to the BBC and the power of the internet.

'The BBC website before the election had a program which would calculate the likely number of seats based on the percentage votes for the parties. I played around with it going on the numbers in the latest polls. Even the most optimistic prediction for the Conservatives was way outside what the spread firms predicted. I sold their seats for £150 a seat at various prices. I won £15,000.

I honestly believe politics is the one area where

there is outstanding opportunity in spread betting. In other areas the market-makers have either wised up or squeezed their margins. But the opportunity still remains with politics.'

So how can you read the political scene? I would suggest that polls are the key and that advances in technique and technology makes them if not infallible, then certainly extremely reliable. Trends can be spotted over a series of opinion polls—and just as importantly make the very odd 'rogue' poll that is no more than a statistical quirk easier to pick up. I would suggest that some of the polling firms are more reliable than others—in broad terms ICM are probably the most accurate and MORI the firm whose figures I would place least confidence in.

But, however you view the polls, the reaction of the firms is the key to making money. As with any in-running event, both market-makers and punters have a tendency in politics just as they have in sport to over-react to the latest event or piece of information. All the evidence suggests that unless it is a cataclysmic Watergate scandal, then internal party rows, the minutiae of policy detail and the latest media froth have very little effect on how people actually vote.

If 1997 saw a base change in the political scenery, then at the time of writing (early 2003) it is likely to take another monumental turnaround to see a change in government in the immediate future. As Peter Kellner says:

'There are circumstances which would see Labour out of government. A collection of strikes running out of control, interest rates going up and people having their homes repossessed or a sudden drop in house prices, a big rise in unemployment. It could happen, but it is unlikely.'

Kellner's other main policy in both the last two elections was to back the Liberal Democrats because he believed that with a quote in the low 40s the downside was minimal. This is probably a typical example of a quote being marked down because the 'team' cannot possibly win the whole tournament, as it were. Yet just by doing better than the spread firms expect, they became a very profitable medium. Again, tactical voting was key to the success of the bet, as anti-Tory voters would back the Liberal Democrats, even if they would normally be solid Labour supporters.

Other political situations occasionally arise where the spread firms are willing to make a market. One is the increasingly frequent battle to be leader of the Tory party, the one rule for which is never to back the initial favourite who despite seeming to have the vote of the general public always falls foul of the Tory grandees. Backers of Michael Portillo in 2001 will know to their cost how so-called good things can be brought down to earth. The complex nature of the Tory leadership battle meant MPs would choose two candidates to be put before party members who would then make the final decision.

Portillo's quote from the spread firms for his vote in the final ballot of all Conservative party members was nearly 50 per cent. However, in the event he never made it to the deciding round after Tory MPs voted against him—he failed to make it as one of the final two candidates and his make-up was zero.

American politics similarly provides interest for the spread betting firms. The main options are bets on the percentage votes of the Democratic and Republican candidates and the number of states the parties manage to win. The two can provide divergent results since victory in the main states of Florida, California and Texas are worth considerably more because of their larger populations than many of the smaller states.

Intimate knowledge of the politics of the United States may be something that not many of us can claim, but at least it is unlikely that the market-makers have it either. As always with America, everything seems to be boiled down to statistics and it will come as no surprise to know that the breadth of polls and surveys and predictions in the run-up to the presidential election is huge.

American elections, however, have what may be the best predictor model known to man. In *The Gamblers' Bible* (Crown, 2002), author Margaret Cronin Fisk reveals a model that she claims 'would have correctly predicted the outcome of every presidential election since 1932'.

To start with the model weights the candidates according to their party—the Democrats base figure is higher than the Republicans to account for their higher number of registered party members and their built-in advantage in the Deep South of America. Other key variables are then factored in, including the state of the economy, the length of time a party has been in power, whether one of the candidates is incumbent and whether the USA is at war or not. Whichever party scores highest is the one that wins the election.

The model (see the table on page 176) was first brought to my attention by Jacques Black in his book *Spread Betting to Win* (Oldcastle Books, 1998). He suggested a slight alteration to the model—cutting out the points awarded to a party for having an ethnic presidential or vice-presidential candidate. The basis for the alteration was that having a non-white Anglo-Saxon, middle-class candidate was more a hindrance than a help on the few occasions it has been seen. That tweak would have meant the system would work for every US presidential election in 70 years and not many systems can claim a record like that.

Factor	Democrats	Republicans	Either
Base figure	43	29	
Incumbent candidate			20
Party in power for 8 years plus			-5
Party spending most money in campaign			5
USA in all-out war			10
USA in limited war		10	
Major scandal involving candidate			-5
Major policy issue is -			
Foreign policy	-10	10	
Domestic policy	10	-10	
Recession	10		
Depression	20		
Party split/alternative candidate for party			-10
Ethnic presidential candidate	20	10	
Ethnic vice-presidential candidate	10	5	

The Fisk model of American presidential elections

Source: *Spread Betting to Win* (Jacques Black, Oldcastle)

The 2000 American election was too close to call by pundits and experts and the Fisk model similarly had the candidates almost level-pegging. Whether the model backed the Republicans or the Democrats rests on two points. How far was Democrat candidate Al Gore tainted by Bill Clinton's sexual

scandals and what were considered to be the major policy issues of the election (many commentators would say there were no major issues and the election was a dirty personal fight)? Either way there was little to choose between the candidates and so it proved come election day.

The 2004 election would, however, look to be a safe Republican victory. Assuming he stands (as surely he will), George Bush would pick up 20 points as the incumbent candidate, five for the highest spending in the campaign and 10 for America being in a state of all-out war against terrorism. This, with 10 added for foreign policy being the dominant issue of his four-year presidency (and with no sign of that changing) and the Fisk model predicts a landslide Republican victory. Time will tell.

Unfortunately, I have not seen a Fisk model type formula to predict British elections, but I suspect that a similar agenda would point to the election winners. Certainly political parties that are in power are more likely to keep their election majority than lose it, probably on the 'better the devil you know' theory of politics. This is particularly so if they are enjoying a positive economic climate and have successfully pursued any type of war (the Falklands for Margaret Thatcher and the Gulf War for John Major both being recent examples).

Another system brought to my attention concentrates on certain American states that history has shown to act as a microcosm of the American electorate. Tim Shipman, deputy political editor of the *Sunday Express*, has researched the voting tendencies of all 50 states and their accuracy in forecasting the overall election result since the Second World War. Notably, no matter what the state of the economy or fortunes of the United States in war, several states are in tune with the common mood and reliably predict the vote of the country.

Most pointedly, the southern state of Tennessee has gone the way of the winning candidate on 13 of the 14 presidential

elections since the Second World War. Indeed, going back further, the state has picked the winning party on 18 of the last 19 elections dating back to 1928.

Shipman says:

‘In the run-up to the 2000 election there were six states that had backed the winner on all, but one occasion since the Second World War. Al Gore took New Mexico and Illinois, but George Bush won the other four and the presidency. It shows most clearly that Gore lost the White House because he failed to carry his home state of Tennessee with its critical 11 electoral college votes.

Tennessee has still only got it wrong once since 1945 and that was in the other cliffhanger election of 1960 where John F. Kennedy edged out Richard Nixon. Look out not only for Tennessee, but Missouri, Ohio and Nevada which also have nearly impeccable records, picking the winner in 13 out of 14 elections since 1948. Ohio only got it wrong in 1960 and Missouri’s record is even better—it last failed to pick the winner in 1956.

Bellwether states with 12 out of 14 correct picks now include New Mexico, Illinois, Kentucky (which went for Bush in 2000) and of course Florida whose 25 electoral college votes make it the most critical bellwether state to win—as the 2000 election proved.’

Following key states has the advantage of being both easier and I suspect more accurate than trying to have an overview of the whole country.

Research tips

Newspapers: Books have been written about the effect newspapers have on voting in the General Election ever since the *Sun*'s infamous 'It was the *Sun* wot won it' headline after the Tories beat Labour in 1992. Whether or not they have a major impact is debatable, but it is worth knowing their views on the major issues of the day. Broadsheet newspapers are more useful for their polls and analysis—although one should be aware of their own political allegiances.

www.bbc.co.uk: At recent elections the BBC have run an excellent votes predictor in the election section. By simply tapping in what the opinion polls are saying, the site will estimate the number of seats each party will get. Allows tweaking for different regions, etc. Assuming the BBC continue to run the section, a vital tool in the run-up to the election.

Chapter Eighteen

The World of Speciality Markets

Once upon a time there only used to be the annual fixed-odds extravaganza called ‘Will it snow on Christmas Day?’ where festive mugs took ever decreasing odds on snow hitting the London weather centre over the 24 hours of December 25. Now it is a significant, if still relatively small area of business for all bookmakers—not least because betting on the Christmas number one or who killed the star of the latest Aussie soap series is an easy way to free publicity.

The spread firms have similarly taken on the speciality bet challenge, and the birth of reality TV game shows such as *Big Brother* and *Pop Idol* has given the markets a new lease of life.

Normally for punters the markets should probably be what they are intended as—just fun. Betting on a spread index on which contestant will be the last to leave the *Big Brother* house or what percentage of votes from the audience a singer might get on a Saturday night is hardly scientific.

Interestingly, however, 2002 saw a series of betting coups on TV markets. These were often based around who would be next to be evicted from a particular game show. Bookies often saw significant bets on the outsider who would then be voted off by the public.

The key to markets where public opinion is the deciding factor, as with general elections, is to watch the polls and surveys. The extent to which reality TV series have gripped the nation because of the saturation media coverage is evident and the interest has spawned a series of newspaper, magazine and website campaigns backing particular contestants.

Polls on how the audience will vote on the next eviction are everywhere—daytime TV, tabloid newspapers and showbusiness websites—all often with thousands of voters. Following such polls and surveys is often a good guide to the final result—if someone is willing to go to the bother of voting in a pre-poll, they almost certainly will on the night itself in the real thing.

Interestingly, Wally Pyrah of Sporting Index says his firm lost on the 2002 series of *Big Brother*.

‘The damage was about £60,000 to £70,000 which is not a huge loss by any means—we could lose more on any Premiership football match. But it was probably the only time we had a bit of a stewards’ enquiry during the year because we really shouldn’t lose on those kind of markets.’

The reality TV phenomenon has also invaded other areas. The voting for the 2002 Christmas number one was dominated by the boy and girl bands from *Popstars: The Rivals*. Even a group rejected by the TV series (the Cheeky Girls) made it into the Christmas Top Ten having earlier been number one. The only lesson to be learnt here is that quality of song has nothing to do with winning—good marketing, wide distribution and a gullible public are all you need.

The other consideration for speciality markets is that they nearly all involve events where someone is likely to be privy to inside information, whether it be a *Big Brother* vote or who will be the next manager of a football team. Of course, the bookmakers may not have the inside line—but you can be confident they are trying to find out.

For this reason any bookmaker—whether fixed-odds or spread—which is markedly out of line with its rivals should be noted. These are events where there is no strong form to go

on or great statistical analysis. The firms do not want to be burnt on a fun market or have huge liabilities on a runner they know little about, so a price out of the ordinary—either shorter or longer than the rest of the market—stands out like a sore thumb.

One of the most interesting developments in specials in recent years saw Cantor Index launch a weather index based on the monthly totals of rainfall and sunshine. The market, run with the Met Office, offers clients the chance to buy or sell the total millimetres of rain or hours of sunshine over a calendar month. The market, launched in mid-2003, sounds mad (it is hard to say ‘Let’s buy rain’ without sounding like a compulsive gambler) and the unpredictability of the British weather makes it one not to put the house on, but Cantor expect to see serious business. Part of this will be gamblers willing to do their research and, not surprisingly considering the British obsession with the weather, there is plenty of raw material and historical data to go on. But another area will be businesses and small companies who want to hedge on the market to insure against adverse conditions (such as heavy rain ruining sales or crops).

Lewis Findlay, managing director of Cantor, said:

‘From builders to ice cream salesmen, to those who just want to have a punt on the weather, there is we believe, an untapped market in offering prices on the elements. Initially, we will trade purely on hours of sunshine and inches of rainfall, but expect to broaden the service in line with the specific needs of our clients.’

A last anecdote on speciality markets and it is one that also applies for sporting specials be it disaster holes at golf, weekend six-pack markets on a variety of sport quotes put together or the number of times a manager uses his stock phrase in a post-

match press conference. Betting adviser Joe Saumarez Smith takes up the story:

‘When the spread firms devised speciality markets they did it knowing most punters would buy no matter what and with an open-ended speciality market, it was always set high knowing people would come on for it anyhow. Then someone cottoned on that the make-ups were always coming in below the opening quote. The word went round that the specials should be sold. It took the firms about three weeks to work out what was happening, apply a bit of reverse psychology and set the prices lower. They saw lots of sellers and lo-and-behold it made up higher than the opening quote.’

Who said it was going to be easy making money spread betting?

Research tips

www.popbitch.co.uk: The latest celebrity gossip and rumour (and some of it is even true).

www.gmtv.co.uk: GMTV has the biggest audience for a morning TV show in Europe and is heavily geared to showbiz and soaps. Their polls on the latest *Pop Idol*/*Big Brother* shows are probably as reliable as any.

Newspaper/magazine websites: *Big Brother* and *Popstars* usually have their own websites. Newspaper campaigns and stories are well worth keeping an eye on.

Appendix

Main Sports

Spread Betting Firms

Cantor Sport
1 American Square
Tower Hill
London
EC3N 2LS

www.cantorsport.co.uk

Trading Freephone: 08000 837500

Credit Line: 08000 831116

Customer Services: 08000 938444

Teletext: Channel Four page 614, Sky Sports page 288, in-vision 462, 463.

The newest of the sport spread betting firms, but a subsidiary of the financial stockbroking giant Cantor Fitzgerald. Cantor Index was launched in 2000 for financial spread betting, with the sports side being added a year later. The firm hired one of sports spread betting's biggest names, David Garbacz, from Sporting Index. Sports prices are allegedly provided largely as a service to its financial clients. Notable for its innovative policy on new markets (such as its weather index and market on the takings for the opening weekend of new movies) and client offers, including during the 2002 World Cup a 'no spread' policy on various markets. Interactive internet site up and running.

IG Index
IG Index plc

Friars House
157-168 Blackfriars Road
London
SE1 8EZ

www.igsport.com

Switchboard: 0207 896 0011

Dealing Freephone: 0500 911 911

Customer Helpdesk Freephone: 0500 913 911

Teletext: Channel Four page 608, Skytext page 365, Sky in-vision page 385

IG Index remains the largest financial spread betting firm, with a significant sports trading side second in size only to Sporting Index. Launched in 1974 by Stuart Wheeler to allow speculation on the price of gold, developed over the years to take on trading in American financial markets, the FTSE and Dow Jones. Sports service launched in 1993. IG Group launched on stock market in 2000. Wheeler hit the headlines prior to 2001 General Election after giving £5 million to support the Tory party. In early 2003 Wheeler announced plans to sell his entire shareholding in the firm—valued at £29 million—leaving IG Group open to a takeover. IG is renowned for correctly pricing its markets mathematically. Top-rate interactive internet site.

Sporting Index Ltd
Gateway House
Milverton Street
Kennington
London
SE11 4AP

www.sportingindex.com

DANIEL TOWNEND

Dealing Freephone: 08000 969 602

Customer Service Freephone: 08000 969 607

Teletext: Channel Four pages 604 and 644 (football), Sky Sports page 361; Sky Digital pages 681, 682, 683

City Index launched sports spread betting in 1984 under the revolutionary leadership of city trader Jonathan Sparke, but since its birth in April 1992, Sporting Index has become the dominant name in sports spread betting. Self-styled world leader in sports spread betting, Sporting was responsible for the development of many of the markets—from corners to shirt numbers—which are now taken for granted and takes 60-70 per cent of the sports spread betting business. Known for its aggressive trading policy and willingness to take a stand and lay a price, although whether changing market conditions will make the firm less bullish remains to be seen. Top-rate interactive internet site.

Spreadex

Freepost

ANG 4116

Dunstable

LU6 1YT

www.spreadex.com

Freephone: 08000 526575

Teletext: Channel Four page 660, Sky Sports page 295, Sky invasion page 299

The smallest of the big four spread betting firms and often the first to move a price. The only one not based in London, its small, but dedicated team work out of Dunstable, Bedfordshire. The firm was started up by Peter Harris, one of the founders of Sporting Index and took its first bets in

February 2000. Business is split between sport and financial and had the misfortune to start trading just as share prices began to tumble. However, Spreadex has seen off City Index, William Hill and Ladbrokes from the sports spread betting business. Innovations include paying 6 per cent interest on deposit accounts, but internet site is not interactive.

Glossary

Alpha – Derogatory term used by IG traders to describe clients who only spread bet to take advantage of arbitrage situations (see below)

Arbitrage – System of spread betting where bettors take advantage of quotes on the same market where there is a divergence of opinion between firms so that by buying with one firm and selling with another they can guarantee themselves a profit no matter what the final result of an event

Barking Mad or Multi-Traps – Cumulative market based on the multiple of the first two dogs home in each race at a meeting. So if in the first race dog five beats dog six, 30 is contributed to the on-going score. **Barking Bananas** works in a similar way, but with the first three dogs multiplied together (so four beats five and six means 120 contributed from one race)

Base change – A fundamental change in the way that an event - either a whole sport or a specific game - will be played and how it will affect spread betting markets

Buy – An ‘up’ bet on a spread. A bet that the result will be higher than the quote offered by the spread firm

Cantor Sport – the sports spread betting division of the financial giant Cantor Fitzgerald

Closing – The act of closing a running bet by placing a second bet of the same size and in the opposite direction to the first. The effect is to finish the bet at the point in a match or game where it is closed, whether it is in profit or loss and meaning that the punter

has no financial interest in what happens subsequently

Credit Account – The most common form of spread betting account, where clients bet on credit with settlement at the end of each week. Credit limits are governed by the FSA and clients usually have to prove they have between three and five times their credit limit in available assets

Credit Limit – The maximum losses allowed on a credit account before the balance must be paid

Cross Corners – Total number of corners gained by the home team in a football match multiplied by the total number of corners gained by the away team

Debit Account – Spread bettors who decide against a credit account which is settled at the end of each week have the option of a debit account where either money is deposited with the spread firm or is taken directly from the client's bank account to cover the potential debt before it is struck

Double numbers – Double the racecard numbers of all the winners at a particular horseracing meeting. So if horse number 12 wins a race, counts as 24 for the market.

Financial Services Authority (FSA) – The financial authority that regulates spread betting firms in the same way as city trading firms are controlled. Has the effect of making spread betting losses legally recoverable

First, Last, Blast – Sporting Index market seen mainly in football and American football, awarding 25 points to the player who scores the first goal/touchdown and 25 points to the player who scores the last goal/touchdown, but nothing for scoring in

between. If there is only one score, that player gets 50

Goal minutes – The collected times of the goals scored by an individual player in a match. So if Thierry Henry scored in the 21st and 58th minutes of a match, his make-up is 79

Heavyweights – Performance horseracing market of racecard number ones in all the races at a particular meeting. Scored 25 for winning a race, 10 for second and five for third.

Hedging – Laying off a spread bet by making another bet on a different market or with a fixed-odds bet

Hotshots/Shooting Stars/Netbusters – The goals/tries/touchdowns etc scored by four nominated players in a game. Each goal counts as 25 points, except with IG who score 20 per goal. A player who does not start makes up at eight (or five with IG)

IG Sport – Sports division of IG Group, second biggest of the four major firms

Index – A spread betting market set up usually in a league or cup basis where points are awarded for reaching different rounds or positions at the end of the tournament

In-running trading – Betting on an event as it happens, with prices updated constantly

Limited loss accounts – Increasingly popular with all the firms to attract new custom, the accounts firstly allow smaller stakes - down to a penny a run, for instance, in cricket - and also impose stop-losses on all markets to protect clients from “doing their brains” with a bad loss

Long term bet – A spread bet that is settled over a period of time, such as over the length of the football season or a cricket test series.

Make-up – The final result at which a bet in a particular market is settled

Margin – Payment required by the spread firms for spread bettors to keep a long term position open. Usually called for when a bet has turned against a client and a running position exceeds the client's credit limit

Market Makers – The traders at the firms who are responsible for setting the quotes and trading games in-running. Different traders specialise in different sports.

Match Bet – A bet on the performance between two teams, individuals or horses in an event against each other, regardless of how well they do against any of the other participants

Maximum make-up – A limit set by the firms before a bet is struck on the maximum a particular market can make-up at

Multi-corners – The total number of corners gained by both teams in the first half of a football match, multiplied by the total number in the second half

Open position – A long term bet that has not been closed by the client and is still running

Sell – A 'down' bet on a spread. A bet that the result will be lower than the quote offered by the spread firm

Sporting Index – The biggest sports spread betting firm with 60 per cent of the market

Spreadex – The newcomer and still the smallest of the four major spread betting firms

Stop-At-A-Winner – Market, usually on horseracing, on how many races must be run before a favourite wins. Make-up is ten times the number of the race on the card (so a favourite winning the fourth race means a make-up of 40). If no winners make up is total number of races at the meeting plus ten (so 70 at a six-race card)

Stop-Loss – A limit on the maximum make-up of a bet. Applies to certain markets for all clients and on most markets for spread bettors with a limited risk account. Cantor *Advantage* account allows a stop-loss on losses, but not on profits

Stake - The amount in pounds per point bet by a client. Not an indication of how much is being risked because make-ups can be up to hundreds of points away from the original quote

Supremacy – The most basic and still the most popular spread betting market around, set by how much the firms expect one team to beat another in a particular event

Ton-ups – Popular market in variety of sports including cricket and snooker based on the aggregate scores of players who score above 100. So in snooker, a break of 122 contributes 22 to the market

Your choice – A quote where both teams or individuals are believed by the spread firms to have an equal chance of winning. Whichever team the bettor supports give away a small start